CS201811119

SEC Registration Number

FIGARO CULINARY GROUP, INC.

(Company's Full Name)

116 EAST MAIN AVE. PHASE V-SEZ
LAGUNA TECHNOPARK, BINAN, LAGUNA

(Business Address: No. Street City/Town/Province)

SIGRID VON D. DE JESUS	0917-8832172
(Contact Person)	(Company Telephone Number)

06 30	SEC FORM 20-IS	1ST WED OF DEC
Month *Day* (Fiscal Year)	(Form Type)	*Month* *Day* (Annual Meeting)

N/A

(Secondary License Type, If Applicable)

SEC-MSRD	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [✓] Preliminary Information Statement

   [] Definitive Information Statement

2. Name of Registrant as specified in its charter : **FIGARO CULINARY GROUP, INC. ("FCG" or the "Company")**

3. Province, country or other jurisdiction of incorporation or organization : **PHILIPPINES**

4. SEC Identification Number : **CS201811119**

5. BIR Tax Identification Number : **010-061-026-000**

6. Address of Principal Office : **116 EAST MAIN AVENUE PHASE V SEZ, LAGUNA TECHNOPARK BIÑAN LAGUNA**

   Postal Code : **4034**

7. Registrant's Telephone Number, including Area Code : **+(632) 8812-17-18**

8. Date, Time and Place of Meeting of security holders : **13 November 2026; FRIDAY; 2:00 PM**

   Zoom videoconferencing with the following link: https://us02web.zoom.us/j/88004434006?pwd=hRJRuyb778yXdg41oDpog564VGJNFt.1

9. Approximate date on which the Information Statement is first to be sent or given to security holders : **22 October 2026**

10. In case of Proxy Solicitations
    Name of Person Filing the Statement/Solicitor : **NOT APPLICABLE**

    Address and Telephone No. : **NOT APPLICABLE**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of each class	Number of Common Stock Outstanding or Amount of Debt Outstanding (As of 30 September 2026)
Common Shares	**5,468,455,298** [1]

[1] *The Figaro Culinary Group, Inc. likewise has 8,500,000,00 Preferred Shares Series 2023-1, not for listing*

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes [✓] No [ ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein

The Common Shares of Figaro Culinary Group, Inc. are listed on the Philippine Stock Exchange

WE ARE NOT ASKING YOU FOR A PROXY.
YOU ARE NOT BEING REQUESTED TO SEND US A PROXY.

A copy of this Information Statement may be accessed through the Corporation's website.
https://www.figaro.ph/

Figaro Culinary Group, Inc.
116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna

NOTICE OF SPECIAL STOCKHOLDERS' MEETING

Please be advised that the Special Meeting of the stockholders of **Figaro Culinary Group, Inc.** (the "**Company**" or "**FCGI**") will be conducted **online** on **13 November 2026, Friday,** at **2:00 PM.** Stockholders who wish to participate in the proceedings may do so by signing on at the following URL address: **https://us02web.zoom.us/j/88004434006?pwd=hRJRuyb778yXdg41oDpog564VGJNFt.1**

The Chairman will conduct the online meeting from the principal place of business of the Company at 116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna.

The following shall be the agenda of the meeting:

I. Call to Order
II. Proof of Service of Notice
III. Certification of Presence of Quorum
IV. Approval of the Minutes of Previous Annual Stockholders' Meeting held on 03 December 2025
V. Ratification of Matters Approved and Taken by FCGI's Management and Board of Directors from 03 December 2025 to date of the Special Stockholders' Meeting
VI. Approval of Voluntary Delisting from the Main Board of the PSE Stock Exchange
VII. Other Matters

The Board of Directors has set **23 October 2026**, as the record date for the determination of stockholders entitled to notice of and to vote at the Special Stockholders' Meeting.

Given the current circumstances and in order to ensure the safety and welfare of our stockholders in light of the COVID-19 situation, the Company will dispense with the physical attendance of stockholders at the meeting. Consequently, attendance will only be by remote communication, with voting being accomplished in absentia through the Company's online voting system at URL address: https://www.figaro.ph/investors/ or through the Chairman of the meeting, as proxy.

Stockholders intending to participate by remote communication should pre-register with the Company via FCGI's Online Registration and Voting System (ORV System) at URL address: https://www.figaro.ph/investors/ during the given registration period and in any case, no later than **5 p.m. of 03 November 2026.**

Following such pre-registration and subject to validation procedures, stockholders may vote either electronically via the ORV System, no later than 5 p.m. of **11 November 2026** or submit duly accomplished proxies on or before **5 p.m. of 03 November 2026** to the Office of the Corporate Secretary c/o Picazo Buyco Tan Fider Santos & Dee Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City and/or by email to mggo@picazolaw.com or mbmegino@picazolaw.com**.** Validation of proxies is set on **06 November 2026** at 6:00 pm. The detailed rules and procedures for participating in the meeting through remote communication and for casting their votes in absentia are set forth in the Information Statement.

The Company is not soliciting proxies.

LOWELA CONCHA
Corporate Secretary

AGENDA DETAILS AND RATIONALE[1]

I. Call to Order

The Chairman of the Board of Directors, Mr. Justin T. Liu, will call the meeting to order.

II. Proof of Service of Notice

The Corporate Secretary, Atty. Lowela Concha, will certify that copies of the Notice of Meeting were duly published in the business section of two (2) newspapers of general circulation, and will certify the number of shares represented in the meeting, for the purpose of determining the existence of quorum to validly transact business.

III. Certification of Presence of Quorum

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia or who participates by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely through FCGI's Online Registration and Voting (ORV) System (the "ORV System"). Stockholders may send their questions or comments prior to the meeting by e-mail at info@figaro.ph. The ORV System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must register through the Company's ORV System to personally participate in the meeting by remote communication and to be included in determining quorum, together with the stockholders who voted by proxy.

(iv) Voting shall only be allowed for stockholders registered in the ORV System at https://www.figaro.ph/investors/ or through the Chairman of the meeting as proxy.

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.

(vi) The Company's Corporate Secretary in coordination with the Stock and Transfer Agent and External Auditor will tabulate and validate all votes received.

IV. Approval of the Minutes of the Previous Special Stockholders' Meeting held on 03 December 2025

The minutes of the last Annual Meeting of Stockholders held on 03 December 2025 will be presented for approval by the stockholders, in keeping with Section 49 (a) of the Revised Corporation Code.

V. Ratification of Matters Approved and Taken by FCGI's Management and Board of Directors from 03 December 2025 to date of Special Stockholders' Meeting

[1] Annex to Notice of Meeting for the Special Stockholder's Meeting.

The ratification of all acts and resolutions of the Board of Directors, and all the acts of management taken or adopted from 03 December 2025 to date of the Special Stockholders' Meeting will be sought from the stockholders during the meeting.

The ratification of the acts and resolutions of the Board and management will also serve as an avenue for the stockholders to better understand how the Board manages the business and operations of the Company. The ratification will also serve as confirmation by the stockholders that they approve of the manner by which the Board and management of the Company have been running its business and affairs.

VI. Approval of Voluntary Delisting from the Main Board of the Philippine Stock Exchange

Under the Amended Voluntary Delisting Rules (the "**Voluntary Delisting Rules**") of the Philippine Stock Exchange ("**PSE**"), a voluntary delisting of the Company from the PSE must be approved by: (a) at least two-thirds (2/3) of the entire membership of the Board of Directors, including the majority, but not less than two, of all of its independent directors; and (b) stockholders owning at least two-thirds (2/3) of the total outstanding and listed common shares of the Company, provided that the number of votes cast against the delisting proposal shall not exceed ten percent (10%) of the total outstanding and listed shares of the Company.

Under the PSE rules, "outstanding and listed shares" shall mean the listed voting shares of stock, whether common or preferred, issued under binding subscription contracts to subscribers or stockholders, whether fully or partially paid, except treasury shares.

On 07 October 2026, Figaro Culinary Group, Inc. (the "**Company**") received a notice from Figaro Coffee Systems Inc. (the "**Bidder**") expressing its intention to conduct a tender offer (the "**Tender Offer**") for all the outstanding common shares of the Company, other than the common shares owned by Monde Nissin Corporation, Carmetheus Holdings, Inc., Camerton Inc. (collectively, the "**Majority Shareholders**"), and the common shares of the directors (the "**Excluded Shares**", and the shares subject of the Tender Offer, the "**Tender Offer Shares**"), with the view of taking the Company private through a voluntary delisting process.

The Bidder informed the Company that, to comply with the requirements of the Voluntary Delisting Rules, the Tender Offer Shares tendered by shareholders for purchase by the Bidder ("**Tendered Shares**"), together with the Excluded Shares, should constitute at least ninety-five percent (95%) of the total issued and outstanding capital stock of the Company, or such other percentage at which the PSE may allow to effect the voluntary delisting of the Company from the Main Board of the PSE. The Bidder further indicated that it will not accept any Tendered Shares unless the threshold for a voluntary delisting is achieved or exemptive relief is obtained from the PSE. More details of the tender offer will be provided in the tender offer report to be filed.

During the Special Meeting of the Board of Directors of the Company held on 07 October 2026, the Board unanimously (including all Independent Directors) approved a resolution authorizing: (a) the filing of an application for voluntary delisting of the common shares of the Company with the PSE, subject to compliance with the Voluntary Delisting Rules of the PSE; and (b) the filing of petition for voluntary revocation of order of registration and Permit to Sell Securities to the public and exemption from reportorial requirements under the Securities Regulations Code. The decision to delist is driven by the high costs of regulation, the strategy to have faster decision-making and greater investment flexibility.

The decision by the shareholders to vote in favor of the voluntary delisting from the PSE is separate from the decision of the shareholders to tender their shares to the Bidder during the Tender Offer. The decision by the shareholders to tender their respective shares is not subject to shareholder approval and may be made by each shareholder individually during the tender offer period. Thus, shareholders who vote in favor of the voluntary delisting are not obligated to tender their shares. However, shareholders should note that the Tender Offer will only commence if the requisite approval of the shareholders of the Company as discussed above is secured. If shareholder approval to voluntarily delist from the PSE is not secured, the Bidder will be unable to undertake the Tender Offer for the Tender Offer Shares.

In accordance with the Voluntary Delisting Rules of the PSE, the delisting must be approved by: (1) at least two thirds of the entire membership of the Board, including the majority, but not less than two, of all its independent directors; and (2) the stockholders owning at least two thirds (2/3) of the total outstanding and listed shares of the Company. In addition, the number of votes cast against the delisting proposal should not be more than ten percent (10%) of the total outstanding and listed shares of the Company. Thus, only the holders of common shares can vote on this agenda item.

VIII. Other business that may properly be brought before the meeting

Stockholders may be requested to consider such other issues/matters as may be raised throughout the course of the meeting.

IX. Adjournment

After all business has been considered and resolved, the Chairman shall declare the meeting adjourned.

Stockholders who will not, are unable or do not expect to attend the meeting in person but would like to be represented there at may choose to execute and send a duly accomplished proxy to the Office of the Corporate Secretary c/o Picazo Buyco Tan Fider Santos & Dee Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City, on or before 5 p.m. of **03 November 2026**. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to mggo@picazolaw.com and mbmegino@picazolaw.com.

PROXY

The undersigned stockholder of Figaro Culinary Group, Inc**.** (the "Company") hereby appoints the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote _____ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Special Stockholders' Meeting of the Company to be held on 13 November 2026, at 2:00 PM**,** to be conducted online, and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of the Previous Special Stockholders' Meeting held on 03 December 2025
   ❑ For ❑ Against ❑ Abstain

2. Ratification of Matters Approved and Taken by FCGI's Management and Board of Directors from 03 December 2025 to date of Special Stockholders' Meeting
   ❑ For ❑ Against ❑ Abstain

3. Approval of Voluntary Delisting from the Main Board of the Philippine Stock Exchange
   ❑ For ❑ Against ❑ Abstain

4. Other Matters
   ❑ For ❑ Against ❑ Abstain

Printed Name of the Stockholder	Signature of Stockholder/ Authorized Signatory	Date

Instructions

This proxy should be received by the Corporate Secretary on or before 5 p.m. of **03 November 2026** the deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy will also be considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person.

Notarization of this proxy is not required.

WE ARE NOT ASKING YOU FOR A PROXY.
YOU ARE NOT BEING REQUESTED TO SEND US A PROXY.

INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time, and Place of Meeting of Security Holders

The Special Meeting of the stockholders of Figaro Culinary Group, Inc. (the "**Company**") will be held on 13 November 2026, Friday, 2:00 PM to be conducted via remote communication through zoom videoconferencing.

The Chairman will conduct the online meeting from the principal place of business of the Company at the 116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna 4034.

Attendance and voting in the SSM by the stockholders shall be done via remote communication by signing in through. Stockholders may attend the meeting remotely through the *Zoom* application, with links to be posted FCGI's website.

The mailing address of the Company is at 116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna 4034.

This Information Statement will be first sent or given to security holders (by posting on PSE Edge and the Company's website) on or around **22 October 2026**.

The requirements and procedure for registration, participating and voting are set forth in **Annex "A"** to the Information Statement.

Item 2. Dissenters' Right of Appraisal

Under Sections 41 and 80 of the Revised Corporation Code, the following are the instances when a stockholder may exercise his appraisal right:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets of the Company;

3. In case of merger or consolidation; and

4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation

In order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder must have voted against the proposed corporate action at the annual meeting. Within thirty (30) days after the date of the stockholders' meeting at which meeting such stockholder voted against the corporate action, the dissenting stockholder shall make a written demand on the Company for the fair value of his shares held. If the proposed corporate action is implemented, the Company shall pay the dissenting stockholder upon surrendering the certificates of stock representing his shares, the fair value of said shares on the day prior to the date on which the vote was taken. If the dissenting stockholder and the Company cannot agree on the fair value of the shares within sixty (60) days from the date of stockholders' approval of the corporate action, then the determination of the fair value of the shares shall be determined by three (3) disinterested persons, one (1) of whom shall be named by the dissenting stockholder, one (1) by the Company and a third to be named by the two (2) already chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty (30) days after such award is made. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 80 to 85 of the Revised Corporation Code.

There are no matters or proposed actions as specified in the Notice of Special Stockholders' Meeting that will give rise to a possible exercise by shareholders of their appraisal rights as provided in the Corporation Code of the Philippines and summarized above.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

There are no matters to be acted upon in which any director or executive officer is involved or had a direct, indirect, or substantial interest. Furthermore, no director has informed the registrant, in writing or otherwise, that he/she intends to oppose any action to be taken by the registrant at the Meeting.

The action of the Board of Directors of the Company approving the filing of a petition for voluntary delisting of the common shares of the Company, subject to compliance with the Voluntary Delisting Rules of the PSE, was approved unanimously by all of the directors, including all independent directors of the Company. None of the incumbent directors, nominees for election as director, or any of their respective associates, has informed the Company of any intention to oppose any action to be taken by the Company at the stockholders' meeting.

Additional Information in connection with the matter for approval of the stockholders

Under the Delisting Rules, a tender offer to all stockholders of record must be made. Pursuant thereto, the Company has been informed that the Bidder will conduct a tender offer to acquire up to 100% of the total outstanding common shares of the Company other than the Excluded Shares. The Bidder will only undertake the Tender Offer if the required shareholder approval for the voluntary delisting of the Company is secured. Subject to securing the approval of the shareholders, the Tender Offer will commence shortly after the 2026 Special Shareholders' Meeting and the Tender Offer period shall be 20 business days unless extended in accordance with applicable rules and regulations. Subject to the approval of the PSE, the Company intends to voluntary delist from the Main Board of the Exchange after the completion of the Tender Offer. The Company will also file for the petition for voluntary revocation of order of registration and Permit to Sell Securities to the public and exemption from reportorial requirements under the Securities Regulations Code.

Consequences of the Voluntary Delisting of the Company on its Stockholders

Assuming the Bidder acquire shares during the Tender Offer, such that the shares held by the Bidder constitute at least 95% of the total issued and outstanding shares of the Company (or such lower percentage at which the PSE may allow voluntary delisting), following completion of the Tender Offer, and subject to the approval of the PSE, all of the issued and outstanding common shares of the Company will be delisted from and will no longer be available for trading on the PSE.

If the Company is delisted, its common shares will no longer be traded on the PSE, which could affect investors' ability to liquidate their investment. Also, any capital gains generated by an investor from any sale or transfer of their common shares will be subject to the following taxes:

Capital Gains Tax

The net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, a domestic corporation (other than a dealer in securities), a resident foreign corporation, or a non-resident foreign corporation during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the local stock exchange, are subject to capital gains tax at the rate of 15% of the net capital gains realized.

Furthermore, if the fair market value of the shares of stock in a Philippine corporation sold outside the facilities of the local stock exchange is greater than the consideration received by the seller or the selling price, the amount by which the fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor's tax under Section 100 of the Tax Code; provided, however, that a sale, exchange or other transfer of such shares outside the facilities of the local stock exchange made in the ordinary course of business (a transaction which is bona fide, at arm's length and free from donative intent) will be considered as made for an adequate and full consideration in money or money's worth and will not be subject to donor's tax.

If an applicable income tax treaty exempts net gains from such sale from capital gains tax, an application for tax treaty relief has to be filed with the Bureau of Internal Revenue ("BIR") in accordance with BIR regulations, and approved by the BIR, to avail of the exemption.

The transfer of shares shall not be recorded in the books of a company, unless the BIR has issued a Certificate Authorizing Registration ("CAR"), certifying that capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax, or other conditions have been met.

Documentary Stamp Tax

The Philippines imposes a Documentary Stamp Tax ("DST") upon the transfer outside the PSE of shares issued by a Philippine corporation at the rate of P1.50 on each P200.00, or a fractional part thereof, of the par value of the shares, pursuant to Section 179 of the National Internal Revenue Code. The DST is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable by either or both the vendor or the vendee of the shares.

The above taxes are substantially higher than the stock transaction tax (at the rate of 0.1%) of the gross selling price or gross value in cash of the shares) applicable for selling shares through the facilities of the PSE.

Once the Company is delisted from the PSE, the Company will no longer be subject to the reporting obligations of a listed company under the applicable rules of the PSE. Likewise, if the Company ceases to be a public company (by having less than 100 stockholders holding at least 100 shares each) as defined under the Securities Regulation Code ("SRC"), its implementing rules, and other rules and regulations applicable to reporting companies, or if it ceases to have any registered securities under the SRC, and subject to compliance with SRC Rule 13.2 on the Voluntary Revocation of Registration of Securities of the Company, then the Company may also cease to be subject to reporting obligations under the SRC.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of **30 September** 2026, the number of shares outstanding of Figaro Culinary Group, Inc. (“FCGI” or the “Company”) is **5,468,455,298** common shares with par value of Ten Centavos (Php0.10) per share.

All stockholders of record at the close of business hours on **23 October 2026** (the “Record Date”) are entitled to notice and to vote at the Special Stockholders’ Meeting.

A common stockholder entitled to vote at the Meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock and transfer book of the Company as of the Record Date.

For this year’s meeting, the Board of Directors had adopted a resolution to allow stockholders entitled to notice of, and to attend the meeting, to exercise their right to vote *in absentia*.

The following are the list of the top twenty (20) stockholders of the Company as of **30 September 2026**:

RANK	NAME OF STOCKHOLDER	NATURE OF SHARES	NUMBER OF SHARES	PERCENTAGE
1	Camerton Inc.	Common	11,401,148,995	81.6206856934%
2	PCD Nominee Corporation Filipino	Common	1,175,689,830	8.4167490601%
3	PCD Nominee Corporation Non-Filipino	Common	1,016,181,470	7.27483306690%
4	Carmetheus Holdings, Inc.	Common	375,000,000	2.6846203965%
5	Vivencio Esteban Golamco	Common	400,000	0.0028635951%
6	Perfecto Crooc Nolasco	Common	20,000	0.0001431798%
7	Juan Trinidad Lim	Common	10,000	0.0000715899%
8	Jennifer T. Ramos	Common	5,000	0.0000357949%
9	Corazon P. Guidote	Common	1	0.0000000072%

10	Hector R. Villanueva	Common	1	0.0000000072%
11	Senen L. Matoto	Common	1	0.0000000072%
Subtotal for Top 20 Stockholders				
TOTAL ISSUED AND OUTSTANDING			**13,968,455,298**	**100.0000000%**

Security Ownership of Certain Record and Beneficial Owners as of 30 September 2026

The Company has no knowledge of any person who, as of **30 September 2026** was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares of common stock or who has voting power of investment with respect to shares comprising more than five percent (5%) of the Company's outstanding shares of common stock except as stated below:

TITLE OF CLASS	NAME	ADDRESS	NO. OF SHARES HELD	NAME OF BENEFICIAL OWNER	CITIZENSHIP	%
Common Shares	Carmetheus Holdings, Inc.	116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna	375,000,000	Carmetheus Holdings, Inc.		2.68%
Common Shares	Camerton Inc	116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Binan, Laguna	2,901,148,995	Camerton Inc		81.62%
Preferred Shares			8,500,000,000			
Common Shares	Monde Nissin Corporation	Felix Reyes St., Bgy. Balibago, Santa Rosa Laguna 4026	820,268,295	Monde Nissin Corporation		15%
		TOTAL				**99.30**

For purposes of this special stockholders' meeting, the person who will vote on behalf of Camerton Inc. and Carmetheus Holdings, Inc. is Mr. Justin T. Liu, while the person who will vote on behalf of the Monde Nissin Corporation is Mr. Henry Soesanto.

Security Ownership of Directors and Management as of 30 September 2026

The following table shows the shareholdings beneficially held by the directors and executive officers of the Company as **30 September 2026:**

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP		CITIZENSHIP	% OF TOTAL OUTSTANDING SHARES
		DIRECT	INDIRECT		
Common	Justin T. Liu	0	1		0.00%
Common	Michael Stephen T. Liu	0	1		0.00%
Common	Brian Gregory T. Liu	0	1		0.00%
Common	Divina Gracia G. Cabuloy	0	1		0.00%
Common	Sigrid Von D. De Jesus	0	1		0.00%
Common	Michael T. Barret	0	1		0.00%
Common	Senen L. Matoto	1	0		0.00%
Common	Corazon P. Guidote	1	0		0.00%
Common	Hector R. Villanueva	1	0		0.00%
N/A	Jose Petronio D. Espanol III	0	0		0.00%
N/A	Lowela L. Concha	0	0		0.00%
N/A	Marilou R. Roca	0	0		0.00%
TOTAL		**3**	**6**		0.00%

Voting Trust Holders of 5% or More

As of **30 September 2026**, the Company is not aware of any voting trust or similar agreements involving the securities of the Company or of any person who holds more than five percent (5%) of a class of securities under a voting trust or similar agreements.

Change in Control

Since the beginning of its last fiscal year, no change in control in the Company has occurred.

Item 5. Directors and Executive Officers

The following served as Directors of the Company for the year 2026:

NAME	AGE	NATIONALITY	POSITION	CURRENT TERM
Jerry S. Liu	77		Chairman Emeritus	2025-2026
Justin T. Liu	44		Chairman	2025-2026
Michael Stephen T. Liu	42		Director	2025-2026
Brian Gregory T. Liu	39		Director	2025-2026
Divina Gracia G. Cabuloy	48		President & CEO	2025-2026
Sigrid Von D. De Jesus	52		Chief Compliance Officer, Asst. Corporate Secretary	2025-2026
Michael T. Barret	47		Chief Operations Officer, Corporate Information Officer, Chief Investor Relations Officer	2025-2026
Senen L. Matoto	79		Independent Director	2025-2026
Corazon P. Guidote	64		Independent Director	2025-2026
Hector R. Villanueva	91		Independent Director	2025-2026

The business experience of each of the directors is set forth below.

Justin T. Liu

Mr. Justin Liu is the Chairman and a Director of Figaro Culinary Group, Inc. Executive Vice President and Chief Information Officer (CIO) of Cirtek Holdings Philippines Corporation, Director of Cirtek Electronics Corporation, and Director of Tonik Digital Bank, Inc. Prior to serving in his current positions, he was Vice President of Research in Evergreen Stock Brokerage and Securities, Inc., and Operations Manager of Pizzatek and Foods, Corp. He holds a Master of Science in Financial Analysis degree from University of San Francisco, and a B.S. Business Management and Entrepreneurship degree from De La Salle University.

Michael Stephen T. Liu

Mr. Michael Stephen T. Liu is a Director of Figaro Culinary Group Inc., Director of Cirtek Holdings Phils., Corp., EVP and Corporate Secretary of Cirtek Advanced Technologies and Solution, Inc., Director of Cirtek Electronics Corporation, Product Engineer at Silicon Link Inc., General Manager of Cirtek Advanced Technologies & Solutions Inc., and lastly President at QUINTEL. He graduated from De La Salle University with a Bachelor's Degree in Electronics and Communications Engineering, and completed an Entrepreneurship course at the Ateneo Graduate of School of Business.

Brian Gregory T. Liu

Mr. Brian Liu is a Director of Figaro Culinary Group, Inc., EVP & CFO of Cirtek Holdings Phils. Corp.,Managing Director and Chief Finance Officer (CFO) of Cirtek Electronics Corporation, Director and Chief Finance Officer of Cirtek Advanced Technologies and Solutions, Inc., Director of Cirtek Land Corp., Director of Cayon Holdings Corporation, General Manager of Tuborg Trading, CEO and Chairman of Figaro Innovation and Development Inc. Previously, he was involved in the Design, Planning, Construction, Operation and Sales of Capri Villa in New Manila. He graduated from De La Salle University with a Bachelor's degree in Management of Financial Institutions. He trained as an Analyst under Mr. Peter Gaisano of Evergreen Stock Brokerage & Securities, Inc.

Divina Gracia G. Cabuloy

Ms. Cabuloy is the President, CEO, and a Director of Figaro Culinary Group, Inc. Previously, she was a Cost Control Officer of Hotel Rembrandt, Restaurant Manager of Burger King Philippines and PERF Restaurants, Store Manager, Area Manager and Operations Manager of Figaro Coffee Company and Operations Director and Deputy COO of Figaro Coffee Systems, Inc. She holds a Bachelor's degree in Hotel and Restaurant Management.

Sigrid Von D. De Jesus

Ms. De Jesus is the Director, Assistant Corporate Secretary and Chief Compliance Officer of Figaro Culinary Group, Inc., and the HRAD and Training Director and Financial Comptroller of Figaro Coffee Systems, Inc. Previously, she was the General Manager of Zuriel Pizza and Pasta, General Manager, Commissary Manager, and Accounting Officer of Pizzatek and Foods Corporation, Collection Officer of Citibank Philippines, Executive Assistant of CAC Insurance Agency, General Manager of 788 Car Care Center, Executive Assistant of Cannondale Auto Center, and Assistant Manager of Divina Bakery and Restaurant. She holds Bachelor's and Master's Degree in Nutrition and Dietetics.

Michael T. Barret

Mr. Barret is EVP, Chief Operations Officer, Corporate Information Officer, Chief IR Officer and a Director of Figaro Culinary Group, Inc. He is also Deputy Chief Operating Officer of Figaro Coffee Systems Inc. Previously, he was Franchise and Business Development Director, Area Manager and Store Manager of Figaro Coffee Company, Deputy Store Operations Manager of Highlands Coffee in Hanoi, Vietnam, Franchise Manager of

Figaro Coffee Systems, Inc. and Warehouse Supervisor of SM Mart, Inc. He holds Bachelor's and Master's degrees in Mass Communications and Business Administration, respectively.

Senen L. Matoto

Mr. Matoto is an Independent Director and Audit Committee Chairman of Figaro Culinary, Group, Inc. He is currently the Chairman of Makati Rotary Club of Makati Foundation , Inc. , Director of Financial Executives Institute of the Philippines , Columnist from the Daily Tribune, Independent Director and Audit Committee Chairman of Yuanta Savings Bank, Executive Coach at the International Coach Federation, Trustee in the Institute of Corporate Directors, Director at Center of Excellence in Governance. He was recently elected as Trustee and Vice President in Capital Markets Development Foundation Inc. and Independent Directors in Century Properties Group. Mr. Matoto obtained a Bachelor of Science Degree in Business Administration from the University of the Philippines, and post-graduate studies from the Asian Institute of Management.

Corazon P. Guidote

Ms. Guidote is an Independent Director, Corporate Governance Committee Chairman and Nominations Committee Chairman of Figaro Culinary, Group, Inc. A Certified Public Accountant, Ms. Guidote is a Bachelor of Science graduate, Major in Accountancy at the University of Santo Tomas in 1982. The UST College of Commerce eventually recognized her as one of its most outstanding alumnae in 2004. She holds a Master's Degree in Applied Business Economics from the University of Asia and the Pacific where she likewise received an Achievement Award in 1997 from the ABEP Alumni Association. She is now a member of the teaching faculty at the Institute of Corporate Directors currently specializing in the field of Sustainability Reporting otherwise referred to as ESG or (Environmental, Social and Governance). She successfully concluded her 15-year career in Investor Relations on October 2017. It was during this period that her pioneering spirit ushered her into two of her most challenging tasks of setting up the Investor Relations offices; first, at the Bangko Sentral ng Pilipinas (BSP), and second at SM Investments Corporation.

Hector R. Villanueva

Mr. Villanueva is an Independent Director, Board Risk Committee Chairman and Related Party Transactions Committee Chairman of Figaro Culinary, Group, Inc. He has held senior positions in both private and public sectors. He was Chairman of the Board of First Metro Philippine Equity Exchange Traded Fund, Inc., Chairman, Postmaster General & CEO of Philippine Postal Corporation, Member of the Advisory Board, First Metro Investment Corporation, and Publisher and Editor-in-Chief of Sun Star Manila. Mr. Villanueva was also Cabinet Secretary from 1995-1998. Mr. Villanueva obtained a Bachelor of Science Degree in Economics from the London School of Economics and Political Science, and post-graduate studies from Royal Institute of Bankers, United Kingdom.

The following served as Officers of the Company for the year 2026:

NAME	AGE	NATIONALITY	POSITION
Jerry S. Liu	77		Chairman Emeritus
Justin T. Liu	44		Chairman
Divina Gracia G. Cabuloy	48		President & CEO
Sigrid Von D. De Jesus	52		Chief Compliance Officer, Asst. Corporate Secretary
Michael T. Barret	47		Chief Operations Officer, Corporate Information Officer, Chief IR Officer
Jose Petronio D. Espanol III	52		Treasurer, Chief Finance Officer, Chief Risk Officer
Lowela L. Concha	61		Corporate Secretary
Marilou R. Roca	42		Comptroller, Chief Accounting Officer

The business experience of each of the Company's officers is set forth below.

Justin T. Liu

Please refer to the table of directors above.

Divina Gracia G. Cabuloy

Please refer to the table of directors above.

Sigrid Von D. De Jesus

Please refer to the table of directors above.

Michael T. Barret

Please refer to the table of directors above.

JERRY S. LIU

Mr. Liu is the Chairman Emeritus of FCGI. Mr. Liu holds a Bachelor of Science Degree in Physics from Chung Yuan University of Taiwan and an MBA from the University of the East. As Chairman Emeritus, he does not participate in the management of the Company nor does he have any voting rights. It is merely an honorary title to acknowledge the support that he has provided to the Company.

JOSE PETRONIO D. ESPAÑOL III

Mr Español is the Treasurer and Chief Finance Officer of Figaro Culinary, Group, Inc. He started as a Senior Auditor in SGV & Co in 1995, until he became the Company Accountant of Alsons' Cement Corporation. He was the Chief Accountant of Domino's Pizza Transnational Philippines for 5 years and was promoted as the Finance Head of American Express Transnational Travel for 3 years until he was promoted as General Manager of Transnational Logistics, Inc. for 6 years. Currently, he is an Independent Director of Rural Bank of Capalonga and the Managing Director of JDE Systems Logistics, Inc and H&P Consulting. He is a Certified Public Accountant and a Certified Management Accountant with masteral units in Industrial Relations in UP and Supply Chain Management in Ateneo Business School. He was a graduate of University of Sto. Tomas in 1995.

LOWELA L. CONCHA

Ms. Concha is a partner at the law firm Garay Usita Concha and Jimenea. She is a litigator with 30 years of experience representing individual and corporate clients in disputes involving commercial law, criminal law, civil law, and family law among others. In active general law practice while continuing to render legal advice to clients from a wide spectrum of industries on Corporate Governance, real estate transactions, Human Resources Administration, and Contract Management. She obtained a Bachelor of Science Degree in Marketing from St. Paul's University in Quezon City, and her law degree from San Beda University College of Law in 1992. She was admitted to the Philippine Bar in 1993.

MARILOU R. ROCA

Ms. Roca is Comptroller and Chief Accounting Officer of FCGI. Currently, she is the Accounting and Finance Senior Manager, Treasury Officer, Cost Control Officer at Figaro Coffee Systems, Inc. She holds a BS Accounting Management Degree from Batangas State University.

The Board has established committees to assist in exercising its authority in monitoring the performance of the business of the Company. The committees, as detailed below, provide specific and focused means for the Board to address relevant issues including those related to corporate governance.

The committees and their respective membership are set forth below:

BOARD COMMITTEES	MEMBERS
Audit Committee (Chair, Independent Director)	Chair: Senen L. Matoto Members (2): Justin T. Liu Corazon P. Guidote
Corporate Governance and Nominations Committee (Chair, Independent Director)	Chair: Corazon P. Guidote Members (2): Justin T. Liu Divina Gracia G. Cabuloy
Board Risk Oversight Committee (at least 1 Independent Director)	Chair: Hector R. Villanueva Members (2): Senen L. Matoto Michael T. Barret
Related Party Transactions Committee (Chair, Independent Director)	Chair: Hector R. Villanueva Members (2): Corazon P. Guidote Sigrid Von D. De Jesus

Significant Employees

None. While the Company values its workforce, the business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

There are no family relationships between Directors and members of the Company's senior management known to the Company other than Justin T. Liu, Brian Gregory T. Liu and Michael Stephen T. Liu as brothers and Mr. Jerry S. Liu as their father.

Involvement in Certain Legal Proceedings

The Company believes that, except as discussed below, none of the Company's directors, nominees for election as director, or executive officers have in the prior five-year period: (1) had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

There are no known legal proceedings against any director, officer, and controlling person as of date of the Information Statement.

As of date, the Company is not involved in any legal proceedings but its subsidiary, FCSI, is involved in the pending cases listed below. One case is a case instituted by FCSI.

1. Filipino Society of Composer, Authors and Publishers, Inc., Plaintiff v. Figaro Coffee Systems Inc., Nelia T. Liu, Brian Gregory T. Liu, Michael Stephen T. Liu, Divina Gracia Cabrera, Sigrid De Jesus and Justin Liu, defendants.

Civil Case No. R-QZN-17-06048-CV; RTC, Quezon City (Copyright Infringement)

This case is a civil action for copyright infringement filed against FCSI and its directors for publicly performing musical compositions without securing licenses from the plaintiff.

Plaintiff is claiming actual damages in the amount of ₱1,124,707.58, moral damages in the amount of ₱500,000.00, and attorney's fees and litigation expenses in the amount of ₱100,000.00.

The action was instituted on March 9, 2017.

Status: There is an ongoing negotiation for the settlement. The case was set for hearing for the reception of evidence for the defense last 28 September 2026.

Certain Relationships and Related Transactions

All sales to, and purchases from, related parties are made at prevailing market prices. Outstanding year end balances pertain to the extension and receipt of, and advances to and from, related parties. For further information, such as outstanding advance balances, see note 19 to the 2024-2025 audited financial statements of FCGI and note 17 of the audited financial statements of FCSI. These balances are unsecured, short-term and interest-free, and settlement occurs in cash. There have been no guarantees received or provided for any related party-receivables or payables, respectively.

Our policy is to subject any related party transaction to Board approval. The transaction must be supported by a Secretary's Certificate signifying the approval of the Board.

We have limited related party transactions. Our operations can handle our financing requirements, and we have been funding our capital expenditures through internally generated cash flows.

FCSI, as the operating company, does not own land. It entered into a lease arrangement with LC International Garments Corp. to lease the land where its office is located. The commercial building has a total floor area of 3,968.07 sqm. The lease will expire 2035 and FCSI does not anticipate any issues with its renewal.

On January 4, 2017, FCSI entered into a lease agreement with Cirtek Land Corporation, lease renewal was extended until 30 June 2038. The agreement covers the lease of a commercial building located at 1 Constellation St. cor. Makati Avenue, Makati City, for use by the Makati City branches for Angel's Pizza and Tien Ma's.

Figaro Innovation and Development Inc. (FIDI), a wholly owned subsidiary of Figaro Coffee Systems, Inc. (FCSI) under the Figaro Culinary Group, serves as the Group's dedicated innovation, manufacturing, and export arm. Since commencing commercial operations in 2023, FIDI has been accredited by the Department of Trade and Industry (DTI) and registered with the Philippine Economic Zone Authority (PEZA) as an Export Enterprise for the production of coffee blends, including House Reserve, Espresso Blend, and French Roast.

On October 7, 2024, PEZA approved the expansion of FIDI's registered activities through the issuance of a Certificate of Registration covering the production of pizza products and frozen pizza. The expanded project qualifies for the same PEZA incentives granted to its coffee operations, including a five-year Income Tax Holiday (ITH), ten-year Special Corporate Income Tax (SCIT), fifteen-year duty exemption, and VAT exemption and zero-rating.

Further reinforcing this strategic expansion, Figaro Culinary Group and PEZA executed a Supplemental Agreement on December 12, 2025, recognizing FIDI's continuing status as a PEZA-registered export enterprise operating at the Laguna Technopark – Special Economic Zone. Through this expanded registration, FIDI is positioned to manufacture a broader range of food products, including Anghel Kape and other innovations across the Group's portfolio, strengthening its manufacturing capabilities, supporting future export opportunities, and driving the Group's long-term growth strategy.

Resignation of Directors

No director has resigned from, or declined to stand for re-election to the Board since the date of the 2025 Annual Stockholders' Meeting due to any disagreement with the Company relative to its operations, policies and practices.

Item 6. Compensation of Directors and Executive Officers

Compensation

The Company's president and its next highest-ranking officers are as follows:

Name	Position
Justin T. Liu	Chairman
Divina Gracia G. Cabuloy	President & CEO
Michael T.Barret	COO
Sigrid Von D.De Jesus	CCO

The following table identifies and summarizes the aggregate compensation of the Company's President and the four most highly compensated executive officers of the Company in fiscal years 2024, 2025, and 2026:

	Year	Salary (in thousands)	Bonus (in thousands)	TOTAL (in thousands)
President and the four most highly compensated executive officers named above[2]	2018	3,893.53	921.16	4,814.69
	2019	3,893.53	1,156.56	5,050.09
	2020	4,025.53	477.91	4,503.44
	2021[3]	2,850.01	136.94 (Incentive)	2,986.95
	2022	3834.30	2000.00	5834.30
	2023	7692.58	2102.03	9794.61
	2024	22780.00	3132.55	25912.55
	2025	25,824.19	3219.66	29,043.85

2 The named executive officers are: Justin Liu (Chairman), Divina Gracia Cabuloy (President &CEO), Michael Barret (COO), Sigrid Von de Jesus (Chief Compliance Officer), and Jose Petronio Vicente Espanol III (CFO and Treasurer).

3 Executive compensation for the covering period 2018-2020 of the executive officers of the Company's subsidiary, namely Justin Liu, Divine Cabuloy, Michael Barret and Sigrid Von de Jesus. The executive compensation information for the six-month period ended June 30, 2021 reflects the compensation of the Company's executive officers as named in the above table. Prior to the reorganization, the parent company did not have any commercial operations.

	2026	28,148.37	3,315.77	31,464.14
Aggregate compensation paid to all other directors and all other officers as a group	2018	-	-	-
	2019	-	-	-
	2020	-	-	-
	2021	4756.21	3886.00	8742.21
	2022	3834.30	2000.00	5834.30
	2023	7692.58	2102.03	9794.61
	2024	22780.00	3132.55	25912.55
	2025	25,824.19	3219.66	29,043.85
	2026	28,148.37	3,315.77	31,464.14

Note:
(1) Includes salary, bonuses and other income.

EMPLOYMENT CONTRACTS

Standard Arrangement

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly, or any service provided as a director.

Warrants and Options Outstanding

There are no outstanding warrants or options held by the President, the named executive officers, and all officers and directors as a group.

Item 7. Independent Public Accountants

The external auditor of the Company is the accounting firm of De Jesus & Teofilo, CPAs.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

De Jesus & Teofilo is a distinguished audit and consulting firm led by seasoned professionals with extensive expertise in audit, taxation, and business advisory services. The firm is headed by **Romeo A. De Jesus, Jr.**, a globally experienced tax and business advisor who has held leadership roles in multinational corporations and Philippine accounting practices, and serves as director in multiple companies across fintech, remittance, petroleum, and accounting systems. **Gerardo S. Teofilo, Jr.** brings over 15 years of audit and business management experience, currently serving as Comptroller of a major wholesale and retail conglomerate, with deep knowledge in financial reporting, internal controls, and compliance. **Percival R. De Guzman** contributes nearly three decades of audit and consulting experience, having held senior roles in both Big Four and leading Philippine accounting firms, and holds an MBA from Ateneo Graduate School of Business. Collectively, the partners of De Jesus & Teofilo combine technical excellence with strategic business insight, delivering comprehensive and reliable audit and advisory services across diverse industries.

Audit and Audit-related Fees

The following table sets out the aggregate fees billed for each of the years ended June 30, 2024, June 30, 2025, and June 30, 2026 for professional services rendered, excluding fees directly related to the Offer:

	June 30, 2026	June 30, 2025	June 30, 2024

Audit and Audit-Related Services	**3,391,571.42**	**1,107,680.00**	**1,492,738.70**
All Other Fees	**0.00**	**0.00**	**0.00**
Total	**3,391,571.42**	**1,107,680.00**	**1,492,738.70**

In relation to the audit of our annual financial statements, our Manual on Corporate Governance provides that the audit committee shall, among other activities, oversee, monitor and evaluate the adequacy and effectiveness of the Company's internal control system, engage and provide oversight of the Company's internal and external auditors.

The Audit Committee will carry out, among other things, the following functions: (i) assist the Board in the performance of its oversight responsibility for: our financial reporting process; our system of internal control; our audit process and the monitoring of compliance with applicable laws, rules and regulations; (ii) supervise the effectiveness of our internal control procedures and corporate risk management systems; (iii) perform oversight functions over our internal and external auditors, ensuring that the internal and external auditors act independently from each other, and that each are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; (iv) review the annual internal audit plan to ensure its conformity with our objectives; (v) organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; (vi) monitor and evaluate the adequacy and effectiveness of our internal control system, including financial reporting control and information technology security; (vii) review the reports submitted by the internal and external auditors; (viii) review the quarterly, half-year and annual financial statements before their submission to the Board; (ix) coordinate, monitor and facilitate compliance with laws, rules and regulations; (x) evaluate and determine non-audit work, if any, required of the external auditor, and periodically review the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to our overall consultancy expenses; and (xi) establish and identify the reporting line of the internal auditor to enable them to properly fulfill their duties and responsibilities.

The Audit Committee must be comprised of at least three directors, including one independent director, preferably with an accounting and financial background. The Audit Committee has been constituted and has adopted the Audit Committee Charter.

Item 8. Compensation Plans

There are no outstanding warrants or stock option held by directors and officers nor are there any adjustments in the exercise price of said warrants or stock options. The Company likewise does not have any other type of compensation plan.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no actions or matters to be discussed in the Special Stockholders' Meeting with respect to the authorization or issuance of any securities.

Item 10. Modification or Exchange of Securities

There are no actions or matters to be discussed in the Special Stockholders' Meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one (1) class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

(i) Management's Discussion and Analysis of Financial Condition and Results of Operations are attached hereto as **Annex "D**"
(ii) The Company's Unaudited Quarterly Financial Statements as of 31 March 2026 are attached hereto as **Annex "E-1"**
(iii) The Company's Audited Consolidated Annual Financial Statements as of 30 June 2025 are attached hereto as **Annex "E-2"**
(iv) The Independent Valuation Report and Fairness Opinion is attached hereto as **Annex "G"**

Item 12. Mergers, Consolidations, Acquisitions, and Similar Matters

There are no actions or matters to be discussed in the Special Stockholders' Meeting with respect to mergers, consolidations, acquisitions, sales, or other transfers of all or any substantial part of the assets of the Company, liquidation or dissolution of the Company, and similar matters.

Description of the business of the registrant and its significant subsidiaries

As of **30 September 2026,** Figaro Coffee Systems, Inc. ("**FCSI**") is the only subsidiary of the Company. FCSI was incorporated in the Philippines and it is engaged in restaurant operations.

Figaro Innovation and Development Inc. (FIDI), a wholly owned subsidiary of Figaro Coffee Systems, Inc. (FCSI) under the Figaro Culinary Group, serves as the Group's dedicated innovation, manufacturing, and export arm. Since commencing commercial operations in 2023, FIDI has been accredited by the Department of Trade and Industry (DTI) and registered with the Philippine Economic Zone Authority (PEZA) as an Export Enterprise for the production of coffee blends, including House Reserve, Espresso Blend, and French Roast.

On October 7, 2024, PEZA approved the expansion of FIDI's registered activities through the issuance of a Certificate of Registration covering the production of pizza products and frozen pizza. The expanded project qualifies for the same PEZA incentives granted to its coffee operations, including a five-year Income Tax Holiday (ITH), ten-year Special Corporate Income Tax (SCIT), fifteen-year duty exemption, and VAT exemption and zero-rating.

Further reinforcing this strategic expansion, Figaro Culinary Group and PEZA executed a Supplemental Agreement on December 12, 2025, recognizing FIDI's continuing status as a PEZA-registered export enterprise operating at the Laguna Technopark – Special Economic Zone. Through this expanded registration, FIDI is positioned to manufacture a broader range of food products, including Anghel Kape and other innovations across the Group's portfolio, strengthening its manufacturing capabilities, supporting future export opportunities, and driving the Group's long-term growth strategy.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty, Agreement or Labor contracts including duration

The Company owns several intellectual property rights over our trademarks in the Philippines, including that of Figaro Coffee, Angel's Pizza, and Tien Ma's. The Company retains full control and independent management over its stores in the Philippines without having to pay royalties or other fees for the use of our trademarks and brand names.

Governmental approval of principal products and services

The Consumer Act

The Consumer Act (R.A. No. 7394) establishes quality and safety standards with respect to the composition, contents, packaging and advertisement of food products. Furthermore, it regulates the following: (1) consumer product quality and safety; (2) the production, sale, distribution and advertisement of food, drugs, cosmetics and devices as well as substances hazardous to the consumer's health and safety; (3) fair, honest consumer transactions and consumer protection against deceptive, unfair and unconscionable sales acts or practices; (4) practices relative to the use of weights and measures; (5) consumer product and safety warranties; (6) compulsory labeling and fair packaging; (7) liabilities for defective products and services; (8) consumer

protection against misleading advertisements and fraudulent promotion practices; and (9) consumer credit transactions. Under the Consumer Act, it is prohibited to manufacture, import, export, sell, offer to sell, distribute and transfer food products that do not conform to applicable consumer product quality or safety standards.

The implementing agencies tasked to enforce the Act are the Department of Health, the Department of Agriculture, and the Department of Trade and Industry. The Department of Health, in particular, regulates the production, sale, distribution, and advertisement of food to protect the health of consumers.

Violation of the Consumer Act shall warrant administrative penalties and/or imprisonment of not less than one year but not more than five years, or a fine of not less than P5,000.00 but not more than P10,000.00 or both, at the discretion of the court. Should the offense be committed by a juridical person, the chairman of the board of directors, the president, general manager, or the partners and/or the persons directly responsible therefor shall be penalized.

The Food Safety Act

The Food Safety Act (R.A. No. 10611) seeks to strengthen the food safety regulatory system in the country by principally delineating the mandates and responsibilities of the government agencies. The National Dairy Authority, National Meat Inspection Service, and Bureau of Fisheries and Aquatic Resources under the Department of Agriculture ("DA") are the government agencies responsible for the development and enforcement of food safety standards and regulations in the primary production and post-harvest stages for milk, meats, and fish, respectively, while the FDA under the DOH is responsible for the safety of processed and pre-packaged foods. The Food Safety Act created the Food Safety Regulation Coordinating Board to monitor and coordinate the performance and implementation of the mandates of the government agencies under the law.

Under the Food Safety Act, food business operators or those who undertake to carry out any of the stages of the food supply chain are held principally responsible in ensuring that their products satisfy the requirements of the law and that control systems are in place to prevent, eliminate, or reduce risks to consumers.

For the enforcement of the Food Safety Act, the food safety regulatory agencies are authorized to perform regular inspection of food business operators taking into consideration the compliance with mandatory safety standards; implementation of the Hazard Analysis at Critical Control Points or the science-based system that identifies, evaluates, and controls hazards for food safety at critical points; good manufacturing practices; and other requirements of regulations. It is prohibited to refuse access to pertinent records or entry of inspection officers of the food safety regulatory agencies. It is likewise prohibited, among others, to produce, handle, or manufacture for sale, offer for sale, distribute in commerce, or import any food or food product, which is banned or is not in conformity with applicable quality or safety standard is also prohibited. The commission of any of the prohibited acts under the Food Safety Act can result in imprisonment and/or a fine.

FDA Rules and Regulations

Consistent with the mandate to adopt and establish mechanisms and initiatives that are aimed to protect and promote the right to health of every Filipino, the FDA issued the Rules and Regulations on the Licensing of Food Establishments and Registration of Processed Food, which require all food establishments to obtain a License to Operate ("LTO") from the FDA before they can validly engage in the manufacture, importation, exportation, sale, offer for sale, distribution, and transfer of food products in the Philippine market. An initial LTO is valid for a period of two years, while a renewed license is valid for five years.

In addition to an LTO, the FDA also requires a Certificate of Product Registration ("CPR") for processed food products before said products are distributed, supplied, sold or offered for sale or use in the market. A CPR covering a particular health product constitutes *prima facie* evidence of the registrant's marketing authority for said health product in connection with the activities permitted pursuant to the registrant's LTO. In case of initial registration, a CPR shall be valid for a minimum period of two years to a maximum period of five years. Any renewal thereafter shall be valid for five years.

The operation of a food business without the proper authorization from the FDA is prohibited and punishable with a fine. The closure of the establishment may also be imposed as a penalty upon a finding of a commission of a prohibited act.

Philippine Environmental Impact Statement System

The Philippine Environmental Impact Statement System has been established in furtherance of the State policy to attain and maintain a rational and orderly balance between socio-economic growth and environmental protection. Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to their commencement. As a prerequisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("EIS") to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office, without prejudice to the power of the DENR to require a more detailed EIS. The EIS refers to both the document and the environmental impact assessment of a project, including a discussion of direct and indirect consequences to human welfare and ecology as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, at a minimum, they contain all relevant information regarding the environmental effects of a project. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS system. The EIS system successfully culminates in the issuance of an ECC. The ECC is a government certification that (i) the proposed project or undertaking will not cause a significant negative environmental impact; (ii) that the proponent has complied with all the requirements of the EIS system and; (iii) that the proponent is committed to implement its approved environmental management plan in the EIS or, if an IEE was required, that it will comply with the mitigation measures suggested therein. The ECC contains specific measures and conditions that the project proponent must undertake before and during the operation of a project, and in some cases, during the abandonment phase of the project to mitigate identified environmental impact.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued to projects determined by the DENR to pose significant public risks to life, health, property and the environment. The EGF is intended to answer for damages caused by such projects as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. The EMF shall be used to support activities of a multi-partite monitoring team that will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

In certain instances, the EMB may determine and issue a certification that a certain project is not covered by the EIS System and an ECC is not required. Consequently, a Certificate of Non-Coverage ("CNC") may be issued in lieu of an ECC.

The Ecological Solid Waste Management Act of 2000

The Ecological Solid Waste Management Act of 2000 (Republic Act No. 9003) provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The National Solid Waste Management Commission, together with other government agencies and the different local government units, are responsible for the implementation and enforcement of the said law.

Any violation of this law may be punishable by fine or imprisonment, or both, depending on the prohibited act committed. If the offense is committed by a corporation, the chief executive officer, president, general manager, managing partner or such other officer-in-charge shall be liable for the commission of the offense.

The Code on Sanitation of the Philippines

The Sanitation Code (Presidential Decree No. 856) provides for sanitary and structural requirements in connection with the operation of certain establishments such as food establishments which include such places where food or drinks are manufactured, processed, stored, sold or served. Under P.D. 856, which is implemented by the DOH, food establishments are required to secure sanitary permits prior to operation which shall be renewable on a yearly basis.

Further, the Code on Sanitation provides that no person shall be employed in any food establishment without a health certificate issued by the local health authority. This certificate will be issued only after the required physical and medical examinations are performed and immunizations are administered at prescribed intervals. The health certificate must be renewed every year or as often as required by local ordinance.

Non-compliance with the provisions of the Code on Sanitation may result in the revocation of the sanitary permit, which is a requisite for the operation of a food establishment. Moreover, a food establishment that employs a person without the appropriate health certificate may be punished by fine or imprisonment, or both.

DENR Rules on Disposition of Hazardous Waste

A waste generator or a person who generates or produces hazardous wastes through any institutional, commercial, industrial or trade activities must register online and pay the registration fee to the EMB Regional Office having jurisdiction over the location of the waste generator. Upon registration, the EMB shall issue a DENR identification number, which is generally a one-time permit unless there is a change in the hazardous wastes produced.

Under DENR Administrative Order No. 2013-22, a duly registered waste generator must, among others: (a) designate a full-time Pollution Control Officer; (b) disclose to the DENR the type and quantity of waste generated; (c) implement proper waste management from the time the wastes are generated until they are rendered non-hazardous; (d) continue to own and be responsible for the wastes generated in the premises until the wastes have been certified by an accredited waste treater as adequately treated, recycled, reprocessed, or disposed of; (e) adhere to the hazardous waste transport manifest system when transporting hazardous wastes for offsite treatment, storage, and/or disposal; (f) prepare and submit to the DENR comprehensive emergency preparedness and response program to mitigate spills and accidents involving chemicals and hazardous wastes; (g) communicate to its employees the hazards posed by the improper handling, storage, transport, use and disposal of hazardous wastes and their containers; and (h) develop capability to implement the emergency preparedness and response programs and continually train core personnel on the effective implementation of such programs.

Failure to comply with DENR Administrative Order No. 2013-22 shall make the violator liable for a fine of ₱ 50,000.00. In addition to such penalty, a violation of any of its Governing Rules or rules covering the Contingency Program shall result in the immediate suspension of the permit.

DENR Rules against Air Pollution

DENR Administrative Order No. 2000-81, as amended by DENR Administrative Order No. 2004-26, requires a Permit to Operate for each source emitting regulated air pollutants, which shall be issued by the EMB. The permittee shall display the permit upon the installation itself in such manner as to be clearly visible and accessible at all times. In the event that the permit cannot be so placed, it shall be mounted in an accessible and visible place near the installation covered by the permit.

The Permit to Operate is valid for five years from the date of issuance, unless sooner suspended or revoked. It may be renewed by filing an application for renewal at least 30 days before its expiration date and upon payment of the required fees and compliance with requirements.

Moreover, under DENR Administrative Order No. 2014-02, the managing heads of establishments required to have pollution control officers must apply for accreditation of their appointed/designated Pollution Control Officer at the concerned EMB Regional Office within 15 days from the date of appointment/designation.

Laguna Lake Development Authority Clearance

R.A. No. 4850, as amended, created the Laguna Lake Development Authority ("LLDA") in order to promote and accelerate the balanced growth of the Laguna de Bay Region, with due regard for environmental management and control, preservation and preservation of the quality of human life and ecological systems, and the prevention of undue ecological disturbances, deterioration and pollution.

As an attached agency of the DENR, the LLDA is mandated to manage and protect the environmentally critical Laguna de Bay Region. It is empowered to pass upon and approve or disapprove all plans, programs, and projects proposed by local government offices or agencies within the region, public corporations, and private persons or enterprises where such plans, programs, and projects are related to the development of the region.

At present, the jurisdiction and scope of authority of the LLDA comprises the towns of Rizal and Laguna Provinces, towns of Silang, General Mariano Alvarez, Carmona, Tagaytay City in Cavite, Lucban, Quezon, City of Tanauan, towns of Sto. Tomas and Malvar in Batangas, Cities of Marikina, Pasig, Taguig, Muntinlupa, Pasay, Caloocan, Quezon and town of Pateros in Metro Manila. Accordingly, any person, natural and juridical, with existing and/or new development projects and activities within these areas are required to secure an LLDA Clearance, which is issued upon submission of an application and the supporting financial documents.

An administrative fine is imposed on establishments operating, developing, or constructing within the Laguna de Bay Region without the necessary LLDA Clearance. Any proposed, ongoing, or completed expansion inconsistent with a previously issued LLDA Clearance must be covered by a new LLDA Clearance.

Wastewater Discharge Permit

The Philippine Clean Water Act of 2004 (Republic Act No. 9275) prohibits the discharge of material of any kind into water bodies, which shall cause pollution or impede natural flow of water, discharge of substance into soil or sub-soil which would pollute groundwater, operating facilities that discharge regulated water pollutants without valid permits, and other related acts. The Clean Water Act also regulates the discharge of effluents on land.

Pursuant to this law, all industries that discharge in any manner wastewater into Philippine waters and/or land are required to secure a wastewater discharge permit from the EMB. This permit is valid for five years and renewable for five-year periods.

The Labor Code and Social Welfare Legislations

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (R.A. No. 8282), the National Health Insurance Act of 1995 (R.A. No. 7875), as amended, and the Home Development Fund Law of 2009 (R.A. No. 9679).

Social Security Act

Under the Social Security Act of 1997, social security coverage is compulsory for all employees under 60 years of age. An employer has the duty to report to the Social Security System ("SSS") the names, ages, civil status, occupations, salaries and dependents of its employees who are subject to compulsory coverage, and to pay and remit their monthly contributions. This enables the employees or their dependents to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits. The failure of the employer to comply with any of its obligations may lead to sanctions, including the impositions of a fine of not less than ₱5,000.00 nor more than ₱20,000.00, or imprisonment for not less than six years and one day nor more than 12 years, or both, at the discretion of the court. The erring employer will also be liable to the SSS for damages equivalent to the benefits to which the employee would have been entitled had his name been reported on time to the SSS and for the corresponding contributions and penalties thereon.

National Health Insurance Act

The National Health Insurance Act, created the National Health Insurance Program ("NHIP") to provide health insurance coverage and ensure affordable and accessible health care services to all Filipino citizens. Under the law, all members of the SSS are automatically members of the NHIP. An employer is required to deduct and withhold the contributions from its employee's salary, wage or earnings, make a counterpart contribution

for the employee, and remit both amounts to the Philippine Health Insurance Corporation ("PhilHealth"), the agency which administers the NHIP. The NHIP will then subsidize personal health services required by the employee subject to certain terms and conditions under the law. An employer who fails or refuses to register its employees, regardless of their employment status, or to deduct contributions from its employees' compensation or remit the same to the Corporation shall be punished with a fine of not less than ₱5,000.00 multiplied by the total number of employees of the firm.

Home Development Fund Law

The Home Development Fund Law (R.A. No. 9679) or the Pag-IBIG Fund Law, created the Home Development Mutual Fund ("HDMF"), a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of ₱5,000.00, and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the HDMF. Refusal of an employer to comply, without any lawful cause or with fraudulent intent, particularly with respect to registration of employees as well as collection and remittance of contributions, is punishable by a fine of not less but not more than twice the amount involved, or imprisonment of not more than six years, or both such fine and imprisonment. When the offender is a corporation, the penalty will be imposed upon the members of the governing board and the president or general manager, without prejudice to the prosecution of related offenses under the Revised Penal Code and other laws, revocation and denial of operating rights and privileges in the Philippines and deportation when the offender is a foreigner.

The Labor Code

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private-sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: fifteen days salary based on the latest salary rate; in addition, one-twelfth of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

Other Labor-Related Laws and Regulations

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the Department of Labor and Employment ("DOLE") must be adopted by private companies with 10 or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harrassment Act, the employer will be solidarily liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000.00 nor more than ₱20,000.00, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it are strictly limited to medical personnel.

All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control.

Effect of existing or probable government regulations on the business

The Food and Drug Administration under the Department of Health is the main regulatory body for the consumer foodservice industry

The Department of Health (DOH) is the ministry responsible for ensuring access to basic public health services. Other than healthcare services, the DOH also regulates the provision of health-related goods and services via the multiple agencies under it.

The lead agency for food-related matters is the Food and Drug Administration (FDA), an agency focused on protecting public health by ensuring the safety, efficacy and security of human drugs and biological products. It also ensures the safety of the country's food supply. The FDA not only acts as an administrative office to approve and issue food establishment operating licenses to regulate the consumer foodservice industry but also works with other agencies and the private sector to ensure food safety in the country and to establish the food security of the Philippines' population.

As food safety is of paramount importance throughout the entire food supply chain, the Food Safety Regulation Coordinating Board (FSRCB) coordinates the implementation of the mandates of the various government bodies, such as the DOH (via the FDA), the Department of Agriculture (DA) and the Department of Interior and Local Government (DILG) and various local government units (LGUs), ensuring food safety through a performance-based food safety control management system at various stages from production, to processing, to distribution and consumption by consumers in foodservice establishments. Other than compliance with the food laws and regulations, the FSRCB also focuses on traceability along the food supply chain. Players in the consumer foodservice industry importing food from suppliers overseas must ensure the necessary food safety tests are passed under the FDA.

On a broader level, the FDA also oversees the food security of the country over the long term by working together with industry players to ensure diversification of food supply sources with a focus on the development of local food sources. The FDA also works with businesses in the consumer foodservice industry to strengthen capabilities and raise productivity, as well as develop new lines and models of businesses for industry transformation.

Stringent regulation of consumer foodservice is reflected by the multiple permits, approvals and licences to operate a business in the industry

In the Philippines, there are several permits, approvals and licenses required to run a business in any industry, such as a Business Permit, tax account registration with the Bureau of Internal Revenue (BIR), Barangay Clearance, and Business Name registration with the Department of Trade and Industry (DTI).

Specific to consumer foodservice, businesses looking to enter the industry must obtain approval for several licenses before they can operate a foodservice establishment. To obtain the License to Operate Food Establishments issued by the FDA, foodservice establishments must submit a Fire Safety Inspection Certificate (FSIC) issued by the local police department once the fire safety checks are completed.

Upon full compliance with licensing requirements and submission of required documents, including the details of the location, business name registration, business permit, proof of income to verify capitalization, the FDA will review and issue the License to Operate Foodservice Establishments. In the case of consumer foodservice players which might also be involved in food manufacturing, the FDA may also request additional documents such as the Risk Management Plan (RMP) or Site Master Files (SMF).

Depending on the nature or business model of the foodservice establishment, the business may also require other related licenses. For example, restaurants, bars and bistros, or cafés wishing to sell alcoholic beverages on their premises will need to obtain a Liquor License from the Liquor Licensing and Regulatory Board. In addition, if the food establishment needs to import food supplies or products from overseas, it must also obtain the import license from the Custom Authorities.

Throughout the period of licensed operation, all players must also ensure compliance with food safety laws under The Food Safety Act of 2013.

Labor laws pose costly implications on the labour-intensive consumer foodservice industry

Foodservice establishments are encouraged to employ locals which can be challenging due to a high turnover rate. Hiring foreign workers incurs a higher cost due to additional taxes and it often involves a lengthy and tedious administrative process as the foodservice establishment must prove that the job requires skills that are not available locally and apply for an Alien Employment Permit (AEP).

In addition, the Philippine government dictates a minimum wage, which varies from region to region, to reduce poverty rates in the country. The minimum wage amount is set by the Regional Tripartite Wages and Productivity Boards. In the National Capital Region (Metropolitan Manila), the minimum daily wage stands at ₱466 (approximately USD10) but employers are also required to provide a living allowance of ₱15 (approximately USD0.50) per day. Employers are also required by law to convert employees to permanent employment after six months of probationary employment and provide them with medical insurance, paid leave and security of tenure. Such requirements potentially add to the costs of foodservice establishments, especially for smaller local independent businesses, and cut into the profitability of the business.

In compliance with food safety laws, employees who are handling food must be checked and vaccinated for contagious diseases such as Typhoid or Hepatitis A. This could pose a challenge for new businesses as it may be difficult to employ vaccinated and certified food handlers and add to their costs and impact operations for newly employed staff to complete the food safety training, complete the necessary medical checks and be vaccinated.

Major risks involved in each of the business of the company and subsidiary

We list below the major risks in the business of the Company and its subsidiary, FCSI (collectively referred in this section as the "**Group**").

- The Group operates in highly competitive markets and if it does not compete effectively, its results of operations will be harmed.
- The Group's growth is highly dependent on its ability to open new stores, maintain its existing store network and select strategically located sites for our stores.
- Strong competition could negatively affect prices and demand for the Group's products and services and could decrease its market share.
- The Group relies on key suppliers for certain of its raw materials and the failure of those suppliers to adhere to and perform contractual obligations may adversely affect its business.
- The Group relies on key third-party service providers for certain services and the failure of these services providers to adhere to and perform contractual obligations may affect its business.
- Labor disputes or changes in employment laws may disrupt the Group's operations and affect its profitability.
- Changes in food and supply costs and availability could adversely affect the Group's results of operations.
- Damage to the Group's reputation and its brands, and negative publicity to its stores, could negatively impact its business.
- There may be food safety and foodborne illness concerns.
- Opening new stores in existing markets may negatively affect sales at the Group's existing stores.
- The Group results of operations and growth strategy depend in part on the success of its franchisees and the Group is subject to various additional risks associated with its franchise owners.
- The Group is subject to safety, health and environmental laws and regulations.
- The Group relies on information technology systems to manage and effectively operate its business.
- Changes in customer preferences and perceptions may lessen the demand for the Group's products, which could reduce sales and harm its business.
- The Group's advertising and marketing campaigns may not be successful.
- If the Group fails to identify, recruit and contract with a sufficient number of qualified franchise owners, its ability to open new franchised stores and increase its revenues could be materially adversely affected.
- The Group's growth depends in part on its ability to develop and introduce new menu offerings, which is subject to customer preferences and other market factors at the time of introduction.
- The Group's intellectual property rights could be infringed or it could infringe the intellectual property rights of others.
- The major shareholders could affect matters concerning the Company.
- The Group depends on key members of its management team.
- Natural disasters or other catastrophes, such as weather disturbances in the Philippines, or climate change may adversely affect the Group's business, materially disrupt the Group's operations and result in losses not covered by its insurance.
- The Group results of operations may fluctuate due to seasonality.
- The Group expects to need capital in the future, and it may not be able to generate sufficient cash flow, raise capital or obtain financing on acceptable terms to meet its needs.
- The Group's current insurance coverage may not be adequate, insurance premiums for such coverage may increase and it may not be able to obtain insurance at acceptable rates, or at all.
- The Group may be unable to renew its Halal certification and HACCP-compliance certification.
- The Group is dependent on third-party food delivery services.

Legal Proceedings

As of date, the Company is not involved in any legal proceedings but its subsidiary, FCSI, is involved in the pending cases listed below. One case is a case instituted by FCSI.

1. Filipino Society of Composer, Authors and Publishers, Inc., Plaintiff -versus- Figaro Coffee Systems Inc., Nelia T. Liu, Brian Gregory T. Liu, Michael Stephen T. Liu, Divina Gracia Cabrera, Sigrid De Jesus and Justin Liu, defendants.

   Civil Case No. R-QZN-17-06048-CV; RTC, Quezon City (Copyright Infringement)

This case is a civil action for copyright infringement filed against FCSI and its directors for publicly performing musical compositions without securing licenses from the plaintiff.

Plaintiff is claiming actual damages in the amount of ₱1,124,707.58, moral damages in the amount of ₱500,000.00, and attorney's fees and litigation expenses in the amount of ₱100,000.00.

The action was instituted on March 9, 2017.

Status: There is an ongoing negotiation for the settlement. The case was set for hearing for the reception of evidence for the defense last 28 September 2026.

Item 13. Acquisition or Disposition of Property

There are no actions or matters to be discussed in the Special Stockholders' Meeting with respect to the acquisition or disposition of any significant Company property.

Item 14. Restatement of Accounts

There are no actions or matters to be discussed in the Special Stockholders' Meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The Minutes of the Annual Stockholders' Meeting held on 03 December 2025 will be submitted for approval during the Meeting. A copy of the draft Minutes of the Annual Stockholders' Meeting held on 03 December 2025 is attached hereto as **Annex** "**F"**.

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Other Proposed Actions

I. Approval of Voluntary Delisting from the Main Board of the PSE

On 07 October 2026, Figaro Coffee Group, Inc. (the "**Company**") received a notice from Figaro Coffee Systems Inc. (the "**Bidder**") expressing its intention to conduct a tender offer (the "**Tender Offer**") for all the outstanding common shares of the Company, other than the common shares owned by Monde Nissin Corporation, Carmetheus Holdings, Inc., Camerton Inc. (collectively, the "**Majority Shareholders**"), and the common shares of the directors (the "Excluded Shares", and the shares subject of the Tender Offer, the "**Tender Offer Shares**"), with the view of taking the Company private through a voluntary delisting process.

The Bidder informed the Company that, to comply with the requirements of the Voluntary Delisting Rules, the Tender Offer Shares tendered by shareholders for purchase by the Bidder ("**Tendered Shares**"), together with the Excluded Shares, should constitute at least ninety-five percent (95%) of the total issued and outstanding capital stock of the Company, or such other percentage at which the PSE may allow to effect the voluntary delisting of the Company from the Main Board of the PSE. The Bidder further indicated that it will not accept any Tendered Shares unless the threshold for a voluntary delisting is achieved or exemptive relief is obtained from the PSE. More details of the tender offer will be provided in the tender offer report to be filed.

The decision by the shareholders to vote in favor of the voluntary delisting from the PSE is separate from the decision of the shareholders to tender their shares to the Bidder during the Tender Offer. The

decision by the shareholders to tender their respective shares is not subject to shareholder approval and may be made by each shareholder individually during the tender offer period. Thus, shareholders who vote in favor of the voluntary delisting are not obligated to tender their shares. However, shareholders should note that the Tender Offer will only commence if the requisite approval of the shareholders of the Company as discussed above is secured. If shareholder approval to voluntarily delist from the PSE is not secured, the Bidder will be unable to undertake the Tender Offer for the Tender Offer Shares.

Item 18. Voting Procedures

Manner of Voting

Voting will only be done *in absentia* or through the submission of a duly executed proxy in favor of the Chairman.

Stockholders as of Record Date who have successfully registered their intention to participate in the special meeting via remote communication and to vote in absentia, duly verified and validated by the Company shall be provided with unique log-in credentials to securely access the voting portal and participate and watch the online meeting of the stockholders of the Company. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies.

Vote Required

With respect to the approval of the minutes of the previous special stockholders' meeting, the ratification of matters approved and taken by FCGI's Management and Board of Directors from 03 December 2025 to date of the Special Stockholders' Meeting, and the approval or ratification of the other actions set forth above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

The voluntary delisting with the PSE must be approved by the stockholders owning at least two thirds (2/3) of the total outstanding and listed (common) shares of the Company. In addition, the number of votes cast against the delisting proposal should not be more than ten percent (10%) of the total outstanding and listed (common) shares of the Company.

Method of counting votes

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Special Meeting of the stockholders.

Voting will only be done by remote communication, in absentia or by proxy.

All votes received shall be tabulated by the Office of the Corporate Secretary with the assistance of the Company's stock transfer agent. The Corporate Secretary shall report the partial results of voting during the meeting. The actual voting results shall be reflected in the minutes of the meeting.

The requirements and procedure for registration, participating and voting are set forth in **Annex "A"** to the Information Statement.

UNDERTAKING

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. SUCH WRITTEN REQUEST SHOULD BE ADDRESSED TO:

THE OFFICE OF THE CORPORATE SECRETARY
Penthouse, Liberty Center,
104 H.V. dela Costa Street,
Salcedo Village, Makati City

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed on **08 October 2026**.

FIGARO CULINARY GROUP, INC.

By:

DIVINA GRACIA G. CABULOY
President and CEO

ANNEX A

VIRTUAL SPECIAL STOCKHOLDERS' MEETING
AND REQUIREMENTS AND PROCEDURES
FOR ELECTRONIC VOTING IN ABSENTIA

The Special Meeting of the stockholders of FIGARO CULINARY GROUP, INC. ("**FCGI**" or the "**Company**") will be held on Friday, **13 November 2026** at **2:00 PM.**

In order to ensure the safety and welfare of our stockholders in light of the COVID-19 situation, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and by voting in absentia, or voting through the Chairman of the meeting as proxy.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia or who participates by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely through Zoom with links to be posted in FCGI's website (the "Website") pursuant to FCGI's Online Registration and Voting (ORV) System (the "ORV System"). Stockholders may send their questions or comments prior to the meeting by e-mail at info@figaro.ph. The Company's ORV System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must register through the Company's ORV System to personally participate in the meeting by remote communication and to be included in determining quorum, together with the stockholders who voted by proxy.

(iv) Voting shall only be allowed for stockholders registered in the ORV System at https://www.figaro.ph/investors/ or through the Chairman of the meeting as proxy.

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

ANNEX A

Registration Period

Registration to vote in absentia or via an absentee ballot may be made through ORV System at https://www.figaro.ph/investors/ from 9:00 a.m. of **23 October 2026** until 5:00 p.m. of **03 November 2026**. Beyond this time and date, a stockholder may no longer be allowed to personally participate in the Special Meeting of the stockholders but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before **03 November 2026**.

Registration Requirements

The following are needed for the online registration:

A. For Individual Stockholders

1. The unique Stockholder ID which the Stockholder should request from Philippine National Bank acting through its Trust Banking Group, the stock transfer agent (STA) of FCGI, before commencing with the online registration. Stockholders may reach the STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
2. Full name of the Stockholder;
3. Valid and current email address;
4. Valid and current contact number, including the area code (landline or mobile number);
5. Citizenship/Nationality; and
6. Digital copy of the Stockholder's valid and unexpired government-issued ID (in JPG format).

B. For Corporate Stockholders

1. Secretary's certificate or equivalent document (in case of a non-resident stockholder) attesting to the authority of the representative to vote for and on behalf of the corporation;
2. The unique Stockholder ID which the Stockholder should request from the STA before commencing with the online registration. Stockholders may reach the STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
3. Full name of the Stockholder's Representative;
4. Valid and current email address of the Stockholder's Representative;
5. Valid and current contact number (landline or mobile number) of the Stockholder's Representative;
6. Citizenship/Nationality of the Stockholder's Representative; and
7. Digital copy of the valid and unexpired government-issued ID of the Stockholder's Representative (in JPG format).

C. For Stockholders with shares under Broker Accounts (PCD Nominees)

In addition to the requirements specified in Item A or B above:

1. A certification from the stockholder's broker on the Stockholder's shareholdings in the Company as of the Record Date (in JPG format); and
2. The unique Broker's ID assigned to stockholder's broker by the PCD, together with sub-ID number assigned by such broker to the stockholder, which the stockholder should request from such broker before commencing with the online registration.

In all cases, incomplete or inconsistent information may result in an unsuccessful registration. As a result, stockholders will not be allowed access to vote electronically *in absentia* but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before **03 November 2026**.

ANNEX A

Online Registration Procedure

1. Prior to online registration:

   (a) For shareholders holding share certificates, contact the STA via email at avilesjml@pnb.com.ph to secure your unique Stockholder ID. Stockholders are encouraged to secure said unique Stockholder ID via email at avilesjml@pnb.com.ph as this has been set up as the primary manner for securing such ID. When contacting the STA, please be prepared to indicate your stock certificate number/s and corresponding number of shares.

   (b) For stockholders whose shares are lodged under broker accounts, in addition to Item 1 (a) above, please contact your respective brokers to secure the necessary requirements under Item C (Registration Requirements).

2. Log-in into the ORV System using your unique individual Stockholder ID/Broker's ID. Please ensure that you have prepared the necessary information and requirements.
3. Read the Data Privacy Notice in the ORV System. If you agree to its terms, please check the box signifying your consent to the processing of your personal information which shall be used solely for purposes of Special Stockholders' Meeting of FCGI.
4. Enter the information required in the respective fields and upload the digital copies of your valid government-issued photo ID. When all information and digital copies have been uploaded, please click the "Submit" button.

Reminders:

- Please take note of your Stockholder ID/Broker ID and Authentication Code (as described below) and keep them in a safe place. While the Company shall endeavor to take all reasonable steps to generate replacements, the Company cannot in any way guarantee that it will be able to do so in a timely manner.
- A Stockholder's online registration cannot be completed if any of the mandatory requirements are not submitted.
- Only Stockholders who submitted the complete requirements thru the ORV System by **03 November 2026**, 5:00 P.M., are entitled to personally participate in the Special Stockholders' Meeting of FCGI.
- In any event, stockholders whose registration cannot be completed may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before **03 November 2026**.
- In case of any issues relating to your registration in the ORV System, or in case you lose your Stockholder ID or Authentication Code, please send an email to info@figaro.ph or to avilesjml@pnb.com.ph.

Verification of Stockholder Registrations

The Company or the STA shall verify the information and details submitted through the Electronic Voting in Absentia System, starting on **21 October 2026**.

After verification of complete submission of the required information and documents, the stockholder shall receive an e-mail confirming registration in the ORV System through the stockholder's e-mail address provided in such registration. Such e-mail confirmation shall include the stockholder's unique Authentication Code (for use during the online AGM) and detailed instructions on how to participate and cast votes in the Special Meeting of the stockholders of the Company.

In the event that you have not received such e-mail notification by **11 November 2026**, please call or contact the Company or the STA.

ANNEX A

Special Meeting of the Stockholders

The Special Meeting of the stockholders of FCGI shall be broadcasted online. The procedure for online voting, as well as the manner by which stockholders may bring up questions or concerns to the Board of Directors, shall be emailed to stockholders who successfully registered before the lapse of the Registration Period and whose registration has been verified.

Data Privacy

Each individual stockholder's (or that of the corporate stockholder's Authorized representative) data will be collected, stored, processed and used exclusively for the purposes of electronic registration in the ORV System of FCGI for the Special Meeting of the stockholders. Personal information will be processed and retained in accordance with the Data Privacy Act of 2012 and applicable regulations. The detailed data privacy policy of the Company may be accessed through the Company's website.

ANNEX B-1
Certificate of Independent Directors

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **CORAZON P. GUIDOTE,** Filipino, of legal age, and a resident of Lot 12 Block 12 Milestone St., Maries Village, Brgy. Pasong Tamo, Quezon City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am an Independent Director of Figaro Culinary Group, Inc. (the "Corporation") and have been its independent director since 2021.

2. I am and was affiliated with the following companies or organizations:

COMPANY / ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Figaro Culinary Group, Inc. (PSE Listed)	Independent Director, Chairman - Corporate Governance & Nominations Committee	2021 to present
Cirtek Holdings Philippines	Independent Director	2019 to present
Institute of Corporate Directors	Teaching Fellow	2019 to 2021

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

5. I am faithfully and diligently complied with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

ANNEX B-1
Certificate of Independent Directors

Done this OCT 0 2 2026 in Makati City.

CORAZON P. GUIDOTE
Affiant

SUBSCRIBED AND SWORN to before me this OCT 0 2 2026 in MAKATI CITY, affiant exhibiting to me her LTO Drivers' License issued on October 2023 at Quezon City and expiring on 21 October 2033.

Doc. No. 261;
Page No. 54;
Book No. I;
Series of 2026.

GREGORY SILVER S. DE CASTRO
Appointment No. M-449
Notary Public for Makati City
Until December 31, 2027
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 91036
PTR No. 10766611/Makati City/01-02-2026
IBP No. 536189/Makati City/12-23-2025
Admitted to the bar in 2023

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **HECTOR R. VILLANUEVA,** Filipino, of legal age, and a resident of 4419 Bluebell Road Sunvalley Subdivision, Parañaque, Metro Manila, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of Figaro Culinary Group, Inc. (the "Corporation") and have been its independent director since 2021.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Figaro Culinary Group, Inc. (PSE Listed)	Independent Director and Board Risk Committee Chairman	2021 to present
First Metro Philippine Equity Exchange Traded Fund, Inc.	Chairman	January 2013-2015

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

ANNEX B-2
Certificate of Independent Directors

Done this OCT 0 2 2026 in Makati City.

HECTOR R. VILLANUEVA
Affiant

SUBSCRIBED AND SWORN to before me this OCT 0 2 2026 in MAKATI CITY, affiant exhibiting to me his [redacted] issued on 11 July 2019 at DFA NCR South and expiring on 10 July 2029.

Doc. No. 262;
Page No. 57;
Book No. I;
Series of 2026.

GREGORY SILVER S. DE CASTRO
Appointment No. M-449
Notary Public for Makati City
Until December 31, 2027
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 91036
PTR No. 10766611/Makati City/01-02-2026
IBP No. 536189/Makati City/12-23-2025
Admitted to the bar in 2023

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **SENEN L. MATOTO,** Filipino, of legal age, and a resident of 168 Saranggani Street corner Madrigal Extension, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of Figaro Culinary Group, Inc. (the "Corporation") and have been its Independent Director since 2021.

2. I am affiliated with the following companies or organizations:

COMPANY /ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Century Properties Group	Independent Director	2026
Capital Markets Development Foundation Inc.	Trustee and Vice President	2026
Financial Executives Institute of the Philippines	Director	2024 to present
The Daily Tribune	Columnist	2022 to present
Figaro Culinary Group, Inc. (PSE Listed)	Independent Director and Audit Committee Chairman	2021 to present
International Coach Federation Philippines Chapter	Executive Coach	2021 to present
Institute of Corporate Directors	Trustee	2021 to present
Center of Excellence in Governance	Director	2021 to present
PhilGuarantee Corporation	Independent Director / Audit Committee Chair	2021 to present
Yuanta Savings Bank Philippines, Inc.	Independent Director / Audit Committee Chair	2019 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 6 November 2025 in Makati City.

SENEN L. MATOTO
Affiant

SUBSCRIBED AND SWORN to before me this SEP 2 8 2026 in MAKATI CITY, affiant exhibiting to me his [redacted] issued on 19 November 2020 at DFA NCR South and expiring on 18 November 2030.

Doc. No. 223;
Page No. 46;
Book No. I;
Series of 2026.

GREGORY SILVER S. DE CASTRO
Appointment No. M-449
Notary Public for Makati City
Until December 31, 2027
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 91036
PTR No. 10766611/Makati City/01-02-2026
IBP No. 536189/Makati City/12-23-2025
Admitted to the bar in 2023

Annex C

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

SECRETARY'S CERTIFICATE

I, **LOWELA L. CONCHA,** Filipino, of legal age, with office address at No. 33 Mayon Street, Brgy. Malamig, Mandaluyong City, after being duly sworn in accordance with law, hereby depose and state that:

1. I am the Corporate Secretary of **FIGARO CULINARY GROUP, INC.** (hereinafter the "Corporation"), a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with office located at 116 East Main Avenue, Phase V, SEZ, Laguna Technopark, Biñan, Laguna.

2. Based on the respective representations and certifications of the directors and officers of the Corporation, as well as the records of the Corporation presently in my custody, none of the directors or officers of the Corporation holds any position in any capacity in any government agency or instrumentality.

IN WITNESS WHEREOF, I have hereunto set my hand this OCT 0 2 2026 in Makati City, Metro Manila.

LOWELA L. CONCHA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this OCT 0 2 2026 in Makati City, affiant exhibiting to me her Driver's License [redacted] which will expire on March 7, 2028.

Doc. No. 203;
Page No. 01;
Book No. I;
Series of 2026.

GREGORY SILVER S. DE CASTRO
Appointment No. M-449
Notary Public for Makati City
Until December 31, 2027
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 91036
PTR No. 10766611/Makati City/01-02-2026
IBP No. 536189/Makati City/12-23-2025
Admitted to the bar in 2023

Management's Discussion and Analysis of Financial Condition and Results of Operations.

Key Performance Indicators (KPIs)

	Unaudited Twelve Months Ended March 31, 2026	**Audited Twelve Months Ended June 30, 2025**
Debt to Equity ratio	0.41:1	0.43:1
Net Debt to Equity ratio	0.30:1	0.33:1
Asset to Equity ratio	1.57:1	1.59:1
Return on Equity	17%	18%
Current Ratio	1.25:1	1.30:1

Notes:

1 Debt to Equity ratio = Bank Debts / Total Equity
2 Net Debt to Equity ratio = Bank Debts less Cash and Cash Equivalents / Total Equity
3 Asset to Equity ratio = Total Assets / Total Equity
4 Return on Equity = Net Income / Total Equity
5 Current Ratio = Total Current Assets / Total Current Liabilities

Results of Operations

In Million Php	**Three Months Ending March 31, 2026**	**Three Months Ending March 31, 2025**	**Change%**
Systemwide Sales	1,459.43	1,302.71	12%
Net Revenues	1,495.69	1,301.57	15%
Cost of Sales	821.67	720.77	14%
Gross Profit	674.02	580.81	16%
Operating Expense	549.87	463.61	19%
NIBT	124.15	117.2	6%
Income Tax	18.62	14.6	28%
NIAT	105.53	102.6	3%

Profitability

Systemwide Sales for the first 3 months, from Jan 1 to March 31, 2026, increased by 12% versus same period of last year, primarily driven by the increased in the aggregators sales by 16% versus of Jan 1 to Mar 31, 2025. The same store sales were maintained from last years sales same periods despite the worsening economy brought about by the industrywide declining sales as affected by the global crises from US-IRAN war. However, it was cushioned by the 8 new stores that opened during the quarter bring the total number of stores to 239 by the end of March 31, 2026. Likewise, FCG consolidated revenues improved by 15% from P1.301B to P1.495B versus same period revenues from last year.

However, gross profit have improved by 0.04% points, primarily because of the 16% increase in volume from aggregators sales, providing higher margin but lower cogs from lower utilization of direct labor costs, wherein Food Panda sales contributions increased by 48% from last years same periods. Operating costs however increased by 19% brought about by the service commissions and the promotional costs increase during the period.

However, the Net Income after tax reduced by 0.8% points margin to 7% from 7.8% as a result of increasing overhead costs resulting from increasing capacities as a result of opening of new stores.

Financial Conditions and Liquidity

Cash and Cash Equivalents as of March 31, 2026, stood at P450M, 36% increase versus the audited cash balance as of June 30, 2025 of P331M. Cashflow from operations during the period provided a net inflow of P113.3M, as a result of the P124M in Net Income provided by the quarter ending March 31, 2026. While the investing activities provided a net outflow of P105M resulting from the increase in CAPEX for PPE for opening 8 new stores in the last 3 months. Meanwhile, financing activities provided a net cash outflow of P15M, from the net payment of interest and proceeds of loans to fund the store expansion during the period.

Current ratio however were maintained within the target of 1.25 times is to 1 from 1.30 times is to 1 as of March 31, 2026 versus the June 30, 2025.

Likewise, Debt-to-equity ratio were maintained at a manageable level, which decreased from 0.43 to 0.41 is to 1 as of March 31, 2026 as a result also of new long-term loan funding our store opening during the period. However, such slight decline in liquidity ratio will translate into a more favorable profitability for the company in the long run as we leverage to improve the profit margin. All these liquidity ratios of FCG are well above and better as compared to its peers in the industry.

Total Asset to Equity ratio were maintained to 1.57 times as of March 31, 2026 versus 1.59 times as of June 30, 2025.

Annex E-1

15 May 2026

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, 1307 Pasay City

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO JR.**
Director, Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.
6F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **NORBERTO T. MORENO JR.**
Head, Listings Department
Issuer Regulation Division

ATTY. JOHANNE DANIEL M. NEGRE
Officer-In-Charge Disclosure Department

Re: **QUARTERLY REPORT**

Gentlemen:

Attached herewith is the Figaro Culinary Group, Inc. 's ("FCG") or (the "Company") Quarterly Report (SEC Form 17-Q) for the quarter period ending 31 March 2026.

Sincerely Yours,

JOSE PETRONIO VICENTE D. ESPAÑOL III
Treasurer, Chief Finance Officer and Chief Risk Officer

116 East Main Avenue Phase V- SEZ Laguna Technopark Biñan Laguna 4034 Philippines
Tel (632) 8671-4232 Fax (632) 8706-0560 | (632) 8706-0563(632) 8706-0564 | (632) 8706-0566
info@figarocoffee.com • figaro.ph

C S 2 0 1 8 1 1 1 1 9

SEC Registration Number

F I G A R O C U L I N A R Y G R O U P , I N C .

(Company's Full Name)

1 1 6 E A S T M A I N A V E . P H A S E V - S E Z

L A G U N A T E C H N O P A R K , B I N A N , L A G U N A

4 0 3 4

(Business Address: No. Street City/Town/Province)

Sigrid Von D. De Jesus

(Contact Person)

0917-8832172

(Company Telephone Number)

0 6 3 0

Month Day

(Fiscal Year)

SEC FORM 17-Q

(Form Type)

06 DEC

Month Day

(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

SEC-MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended	**31 MARCH 2026**
2. Commission Identification Number	**CS201811119**
3. BIR Tax Identification No.	**010-061-026-000**
4. Exact name of issuer as specified in its charter	**FIGARO CULINARY GROUP, INC.**
5. Province, country or other jurisdiction of incorporation or organization	**LAGUNA, PHILIPPINES**
6. Industry Classification Code:	(SEC Use Only)
7. Address of issuer's principal office	**116 EAST MAIN AVE., PHASE V-SEZ LAGUNA TECHNOPARK, BIÑAN LAGUNA**
Postal Code	**4034**
8. Issuer's telephone number, including area code	**(632)-8812-17-18**
9. Former name, former address and former fiscal year, if changed since last report	**33 MAYON ST., BRGY. MALAMIG, MANDALUYONG CITY**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
COMMON SHARES	**5,468,455,298**

11. Are any or all of the securities listed on a Stock Exchange?

Yes **[✓]** No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

THE PHILIPPINE STOCK EXCHANGE **COMMON SHARES**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [✓] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ ] No [✓]

(*Signature Page follows*)

FINANCIAL INFORMATION

Item 1: Quarterly Financial Statements for the Quarter ending 31 MARCH 2026 attached.

FIGARO CULINARY GROUP, INC.

JOSE PETRONIO VICENTE D. ESPAÑOL III
Treasurer / Chief Finance Officer / Chief Risk Officer

MARILOU R. ROCA
Comptroller and Chief Accounting Officer

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2026 and June 30, 2025 and 2024

(In Philippine Peso)

	NOTES	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)	June 30, 2024 (Audited)
A S S E T S				
Current Assets				
Cash	7	450,254,579	331,302,750	374,934,405
Trade and other receivable	8	201,903,453	199,942,530	164,034,685
Inventories	9	443,023,924	436,935,354	430,658,720
Prepayments and other current assets	10	218,092,425	212,063,635	159,419,315
		1,313,274,381	**1,180,244,269**	**1,249,047,125**
Non-current Assets				
Property and equipment – net	11	4,219,535,528	3,890,245,353	2,527,094,634
Intangible assets – net	12	270,952,538	252,942,435	239,765,356
Right-of-use assets – net	13	297,052,563	317,924,519	291,026,459
Other non-current assets	14	50,992,525	45,029,456	36,212,610
Deferred tax assets	28	9,193,536	3,807,085	3,242,137
		4,847,726,690	**4,509,948,848**	**3,097,341,196**
TOTAL ASSETS		**6,161,001,071**	**5,690,193,117**	**4,346,388,321**
LIABILITIES AND STOCKHOLDERS' EQUITY				
L I A B I L I T I E S				
Current Liabilities				
Trade and other payables	15	402,191,069	370,818,427	382,600,207
Loans payable	16	646,666,167	540,984,320	550,435,689
Lease liabilities	17	3,029,563		70,997,346
Income tax payable				42,622,411
		1,051,886,799	**911,802,747**	**1,046,655,653**
Non-current Liabilities				
Lease liabilities – net of current portion	17	187,204,258	210,047,470	195,574,427
Loans payable	16	980,000,000	980,000,000	
Retirement benefits obligation	24	17,952,253	16,096,518	13,836,726
		1,185,156,511	**1,206,143,988**	**209,411,153**
TOTAL LIABILITIES		**2,237,043,310**	**2,117,946,735**	**1,256,066,806**
S T O C K H O L D E R S ' E Q U I T Y				
Capital Stock	19	589,345,528	589,345,528	589,345,528
Additional Paid-in Capital	19	1,403,308,680	1,403,308,680	1,403,308,680
Retained Earnings		1,925,703,616	1,573,992,237	1,092,067,370
Remeasurements – net		5,599,937	5,599,937	5,599,937
TOTAL STOCKHOLDERS' EQUITY		**3,923,957,761**	**3,572,246,382**	**3,090,321,515**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**6,161,001,071**	**5,690,193,117**	**4,346,388,321**

(See Notes to Consolidated Financial Statements)

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Periods Ended January 1 to March 31, 2026 and 2025

(In Philippine Peso)

	Notes	Capital Stock	Additional Paid-in Capital	Retained Earnings	Remeasurement	Total
Balance at June 30, 2024 (Audited)	20,25	589,345,528	1,403,308,680	1,092,067,370	5,599,937	3,090,321,515
Profit				103,488,322		**103,488,322**
Balance at September 30, 2024	20,25	589,345,528	1,403,308,680	1,195,555,692	5,599,937	3,193,809,837
Profit				222,043,488		**222,043,488**
Dividends declared				(147,648,293)		**(147,648,293)**
Balance at December 31, 2024	20,25	589,345,528	1,403,308,680	1,269,950,887	5,599,937	3,268,205,032
Profit				102,547,906		**102,547,906**
						-
Balance at March 31, 2025	**20,25**	**589,345,528**	**1,403,308,680**	**1,372,498,793**	**5,599,937**	**3,370,752,938**
Profit				201,493,444		**201,493,444**
Dividends declared						**-**
Balance at June 30, 2025 (Audited)	**20,25**	**589,345,528**	**1,403,308,680**	**1,573,992,237**	**5,599,937**	**3,572,246,382**
Profit				101,064,626		**101,064,626**
						-
Balance at September 30, 2025	20,25	589,345,528	1,403,308,680	1,675,056,863	5,599,937	3,673,311,008
Profit				245,739,721		**245,739,721**
Dividends declared				(100,619,577)		**(100,619,577)**
Balance at December 31, 2025	**20,25**	**589,345,528**	**1,403,308,680**	**1,820,177,006**	**5,599,937**	**3,818,431,151**
Profit				105,526,610		**105,526,610**
Dividends declared				-		**-**
Balance at March 31, 2026	**20,25**	**589,345,528**	**1,403,308,680**	**1,925,703,616**	**5,599,937**	**3,923,957,761**

(See Notes to Consolidated Financial Statements)

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Quarters Ended July 1, 2025 to Mar 31, 2026 and 2025

(In Philippine Peso)

	NOTES	Jul-Mar 2026 (Unaudited)	Jul-Mar 2025 (Unaudited)
REVENUES	22	**4,697,034,878**	**4,137,307,770**
DIRECT COSTS	23	**2,508,114,651**	**2,309,211,932**
GROSS PROFIT		**2,188,920,227**	**1,828,095,838**
FINANCE INCOME	8	**2,826,798**	**6,268,595**
OPERATING EXPENSES	24	**1,525,029,126**	**1,210,668,561**
FINANCE COST	17,18	**101,330,861**	**76,702,227**
PROFIT (LOSS) BEFORE TAX		**565,387,039**	**546,993,645**
INCOME TAXES	28	**113,056,082**	**118,913,929**
PROFIT (LOSS)		**452,330,957**	**428,079,716**
TOTAL COMPREHENSIVE INCOME (LOSS)		**452,330,957**	**428,079,716**
EARNINGS PER SHARE			
Basic Earnings per Share	30	**0.08**	**0.08**

(See Notes to Consolidated Financial Statements)

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Quarters Ended Jan1 to Mar 31, 2026 and 2025

(In Philippine Peso)

	NOTES	Jan1 to Mar 31, 2026 (UnAudited)	Jan1 to Mar 31, 2025 (UnAudited)
REVENUES	21	1,495,687,957	1,301,577,665
DIRECT COSTS	22	821,665,701	720,767,681
GROSS PROFIT		674,022,256	580,809,984
FINANCE INCOME	8	720,352	1,189,405
OPERATING EXPENSES	23	511,691,321	432,814,490
FINANCE COST	17,18	38,902,335	31,987,291
PROFIT (LOSS) BEFORE TAX		124,148,953	117,197,607
INCOME TAXES	28	18,622,343	14,649,701
PROFIT (LOSS)		105,526,610	102,547,906
TOTAL COMPREHENSIVE INCOME (LOSS)		**105,526,610**	**102,547,906**
EARNINGS PER SHARE			
Basic Earnings per Share	29	0.02	0.02

(See Notes to Consolidated Financial Statements)

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Periods Ended January 1 to March 31, 2026 and 2025

(In Philippine Peso)

	NOTES		March 31, 2026		March 31, 2025
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before tax			**124,148,953**		**117,197,607**
Operating cash flows before changes in working capital			**124,148,953**		**117,197,607**
Increase in operating assets:					
Trade receivables		-	**859,246**	-	**1,587,700**
Inventories		-	**989,671**		**17,659**
Prepayments and other current assets		-	**2,661,856**		**2,028,790**
Other non-current assets		-	**138,962**		**871,772**
Increase/(Decrease) in trade and other payables			**12,435,112**		**5,936,373**
Cash generated from operations			**131,934,329**		**124,464,501**
Income taxes paid		-	**18,622,343**	-	**55,118,419**
Net cash from operating activities			**113,311,986**		**69,346,082**
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to Intangible Assets	13	-	**1,047,282**	-	**518,260**
Additions to property and equipment	12	-	**103,963,449**	-	**362,622,902**
Net cash used in investing activities		-	**105,010,731**	-	**363,141,162**
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance costs paid	17,18	-	**38,902,335**	-	**28,226,250**
Payments of lease liabilities	18	-	**1,501,364**	-	**7,195,802**
Availment of loans	17		**25,374,500**		**291,553,027**
Net cash from financing activities		-	**15,029,199**		**256,130,975**
NET INCREASE (DECREASE) IN CASH		-	**6,727,944**	-	**37,664,105**
CASH AT BEGINNING OF YEAR			**456,982,523**		**580,069,348**
CASH AT END OF YEAR			**450,254,579**		**542,405,243**

(See Notes to Consolidated Financial Statements)

FIGARO COFFEE GROUP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2026
(With Comparative Figures as of March 31, 2025 and 2024)

1. CORPORATE INFORMATION AND STATUS OF OPERATION

Figaro Coffee Group, Inc. and Subsidiary (the "Group") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 6, 2018. The principal activities of the Parent Company are to process, manufacture, and package all kinds of food products; to establish, invest, develop, operate and maintain restaurants, coffee shops, and refreshment parlors; to serve, arrange and cater foods, drinks, refreshments and other food or commodities; to partner and/or collaborate with other players in the food industry for the management and operation of food establishments; to acquire, invest, organize, develop, promote, or otherwise undertake the management and operation of commercial franchises in the food industry; to provide facilities and commissaries and perform all other activities and services incidental thereto, necessary or desirable in relation thereto, and offer and sell to public such products, franchises, services other operation thereof, and to own shares in companies which are in furtherance of its purposes, and to guarantee for and in behalf of the Corporation obligations of other corporations or entities in which it has lawful interest in.

On March 31, 2021, the Parent Company's Board of Directors and Stockholders approved the following:

a. The Parent Company's change in registered office address from No. 33 Mayon St., Brgy. Malamig, Mandaluyong City, Metro Manila, Philippines to 116 E. Main Avenue, Phase V, SEZ Laguna Technopark, Binan, Laguna.

b. The Parent Company's change in reporting period from calendar year to fiscal year which shall begin on the first day of July and end on the last day of June.

The change in registered office address and reporting period was approved by SEC on June 23, 2021.

On October 22, 2021, the SEC approved the Company's application for amendment of its articles of incorporation to reflect the following primary purpose: invest in, purchase, or otherwise acquire and own, hold, use, sell assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been recognized and to pay thereof in money or by exchanging therefor stocks, bonds or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of the interest, dividends, and income arising from such property; and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including all voting powers of any stock so owned; to carry on, provide support and manage the general business of any corporation, company, association or joint venture; to exercise such powers, acts or functions as may be essential or necessary to carry out the purpose stated herein; and to guarantee for and in behalf of the Corporation obligations of other corporations or entities in which it has lawful interest in.

<u>The Parent Company</u>

On March 31, 2021, the Parent Company's Board of Directors and Stockholders approved: (a) the increase in authorized capital stock from ₱150,000,000 to ₱500,000,000; and (b) the stock split through the reduction of the par value of the shares of the Parent Company from ₱100.00 per

share to ₱0.10 per share.
SEC approved the Parent Company's application to increase authorized capital stock on June 23, 2021.

At incorporation, Carmetheus Holdings, Inc. (CHI) subscribed to ₱37,500,000 worth of shares in the Parent Company. Out of such subscription, ₱9,375,000 had been paid by CHI at incorporation of the Parent Company. During the period, CHI fully paid its subscription receivable amounting to ₱28,125,000.

Camerton, Inc. (CI) subscribed to the following shares of the Parent Company:

a. In support of the application for increase in authorized capital stock, Camerton, Inc. (CI), on March 31, 2021, subscribed to 1,250,000,000 shares of the Parent Company for a total subscription price of ₱125,000,000. The subscribed shares were fully paid and issued on June 22, 2021.

b. On June 20, 2021, the board of the Parent Company approved the additional paid-in capital in the amount of ₱83,138,000 paid by CI into the Parent Company.

c. 1,250,000,000 shares with par value of ₱0.10 per share for a total subscription price of ₱228,800,000, or ₱0.18304 price per share. The said subscription resulted to an additional capital stock of ₱125,000,000 and an additional paid-in capital of ₱103,800,000 in the Parent Company; and

d. 350,000,000 shares of the Parent Company with par value of ₱0.10 per share for a total subscription price of ₱35,000,000.

As of June 30, 2021, the Parent Company is 88.37% owned by CI and 11.63% owned by CHI.

On September 16, 2021, the Securities and Exchange Commission approved the Group's increase in authorized capital stock to ₱660,000,000 divided into 6,600,000,000 shares with a par value of ₱0.10 per share.

As of June 30, 2021, the Group is in the process of compiling with the requirements to file Registration Statement with SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of all the issued and outstanding Shares of the Group and the Offer Shares.

On January 24, 2022, the Group completed its Initial Public Offering (IPO) and was listed in the Philippine Stock Exchange (PSE) under stock symbol "FCG." The Group issued 93,016,000 common shares for a total consideration of ₱69,762,000 or at ₱0.75 per share. This resulted to an additional issuance of capital stock of 1,423,182,003 with par value of ₱0.10 per share for a total of ₱142,318,200.

As of June 30, 2022, the outstanding capital of the Group is ₱464,818,700 (excluding the additional paid-in capital of ₱697,831,235 with 4,648,187,003 shares issued).

As of June 30, 2022, the Group is 69.94% owned by Camerton, Inc. and 8.07% owned by Carmetheus Holdings, Inc.

As of June 30, 2025 and 2024, the outstanding capital of the Group is ₱5,893,455,293 (excluding the additional paid-in capital of ₱1,403,308,680 with 589,345,529 shares issued).

As of June 30, 2025 and 2024, the Group is 53.05% owned by Camerton, Inc., 15% owned by Monde Nissin Corporation and 6.86% owned by Carmetheus Holdings, Inc.

On a regular meeting of the Board of Directors (BOD) of the Parent Company dated October 10, 2024, the BOD has approved the proposed amendment of the Parent Company's article of incorporation to change the corporate name from "Figaro Coffee Group, Inc." to "Figaro Culinary Group, Inc.". Stockholders' approval will be sought during the 2024 Annual Stockholders' Meeting scheduled on December 4, 2024.

The Subsidiary

The Parent Company's subsidiary is as follows:

Subsidiary	Principal Activities	Country of Incorporation	Functional Currency	Effective Percentage of Ownership
Figaro Coffee Systems Inc.	Food business including but not limited to operation of retail food stores and restaurants	Philippines	Philippine Peso	**100%**

On June 21, 2021, F Coffee Holdings Corporation, the 'Seller' agreed to sell and the Parent Company, the 'Buyer' agreed to buy, all the seller's rights, title and interests in 2,500 common shares with a par value of ₱50.00 per share or an aggregate par value of ₱125,000 in Figaro Coffee Systems Inc. (FCSI) for and in consideration of ₱1,851.0256 per share or a total purchase price of ₱4,627,564

On June 23, 2021, the Parent Company subscribed to 7,500 shares of FCSI with ₱50.00 par value per share at the subscription price of ₱27,751.73 per share for a total subscription price of ₱208,138,000. The said subscription resulted to an additional capital stock of ₱375,000 and additional paid-in capital of ₱207,763,000 in FCSI.

On June 27, 2021, the Parent Company subscribed additional 4,576,000 shares of FCSI at ₱50.00 par value resulting to capital stock of ₱228,800,000.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term "PFRS" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FSRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Group. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

2.01 New and Revised PFRSs Applied with No Material Effect on the Consolidated Financial Statements

The following new and revised PFRSs have been adopted in these consolidated financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments to PAS 1 are the following:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments defer the effective date of the January 2020 Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements*

  The amendments introduce new disclosure requirements to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PAS 1, *Non-current Liabilities with Covenants*

  The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. Additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments clarify how a seller-lessee measures the lease liability arising in a sale and leaseback transacton in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

2.02 New and Revised PFRSs in Issue but Not Yet Effective

The Group will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, to have significant impact on the consolidated financial statements.

2.02.01 Standard Adopted by FSRSC and Approved by the Board of Accountancy (BOA)

- PFRS 17, *Insurance Contracts*

  PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that

distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030. Early application is permitted for entities that apply PFRS 9 *Financial Instruments* and PFRS 15 *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

  The amendments cover the following areas:

  - Insurance acquisition cash flows for renewals outside the contract boundary;
  - Reinsurance contracts held—onerous underlying insurance contracts;
  - Reinsurance contracts held—underlying insurance contracts with direct participation features; and
  - Recognition of the contractual service margin in profit or loss in the general model.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030.

- Amendment to PFRS 17, *Initial Application of PFRS 17 and PFRS 9—Comparative Information*

  The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and Insurance contract liabilities, and therefore Improve the usefulness of comparative information for users of consolidated financial statements.

  PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030.

- Amendments to PAS 21, *Lack of Exchangeability*

  The amendments contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

  The amendments cover the following areas:

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable if it can be exchanged for another currency through markets or mechanisms that establish enforceable rights and obligations without delay, while it is not exchangeable if an entity can only obtain a small amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency isn't exchangeable at a measurement date, an entity estimates the spot exchange rate as the rate that would have applied in an orderly transaction.
- Require the disclosure of additional information when a currency is not exchangeable - when a currency is not exchangeable, an entity discloses information to its financial statements, allowing users to assess its financial performance, position, and cash flows.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025, with early application permitted.

- Amendments to PFRS 9 and PFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*

  The amendments cover the following areas:

  - Derecognition of a financial liability settled through electronic transfer – the amendments allow entities to discharge a financial liability settled in cash using an electronic payment system if specific criteria are met, and apply the derecognition option to all settlements made through the same system.
  - Classification of financial assets:
    - Contractual terms that are consistent with a basic lending arrangement – the amendments outline how entities can evaluate whether contractual cash flows of a financial asset align with a basic lending arrangement, illustrating this through examples of financial assets with or without principal and interest payments.
    - Assets with non-recourse features – the term 'non-recourse' is enhanced, defining a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
    - Contractually linked instruments – the amendments clarify that not all transactions with multiple debt instruments meet classification criteria, and that instruments in the underlying pool can include financial instruments not covered by classification requirements.
  - There are amendments in the required disclosure for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

  An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight.

- Annual Improvements to PFRS Accounting Standards - Volume 11

The International Accounting Standards Board (IASB) has published proposed narrow-scope amendments to PFRS Accounting Standards and accompanying guidance as part of its periodic maintenance of the Accounting Standards.

The proposed amendments included in the Exposure Draft *Annual Improvements to PFRS Accounting Standards—Volume 11* relate to:

- PFRS 1 *First-time Adoption of International Financial Reporting Standards, Hedge Accounting by a First-Time Adopter* – the amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9 *Financial Instruments*.
- PFRS 7 *Financial* Instruments*: Disclosures*
  - Gain or Loss on Derecognition – the amendment addresses a potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13 *Fair Value Measurement* was issued.
  - Disclosure of Deferred Difference Between Fair Value and Transaction Price – the amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
  - Introduction and Credit Risk Disclosures – the amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.
- PFRS 9 *Financial* Instruments
  - Lessee derecognition of lease liabilities – the amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of PFRS 9.
  - Transaction price – the amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of 'transaction price' in PFRS 15 *Revenue from Contracts with* Customers while term 'transaction price' is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.
- PFRS 10 *Consolidated Financial Statements, Determination of a 'de facto agent'* – the amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
- PAS 7 *Statement of Cash Flows, Cost Method* – the amendment addresses a potential confusion in applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method' that is no longer defined in PFRS Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026 with earlier application permitted.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

PFRS 18 supersedes PAS 1 *Presentation and Disclosure in Financial Statements*. This new standard is a result of IASB's Primary Financial Statements project, which aimed at improving comparability and transparency of communication in financial statements.

While several sections from PAS 1 have been retained with minimal changes in wording, PFRS 18 introduces new requirements for the presentation and disclosures in financial statements.

The new requirements include:

- Improved comparability in the statement of profit or loss (income statement);
- Enhanced transparency of management-defined performance measures; and
- More useful grouping of information in the financial statements.

Retrospective application is required in both annual and interim financial statements. PFRS 18 is effective beginning on or after January 1, 2027, with early application permitted.

- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

PFRS 19 allows eligible entities to provide reduced disclosures compared to the requirements in other PFRS accounting standards. Entities that elect PFRS 19 are still required to apply the recognition, measurement and presentation requirements of other PFRS accounting standards.

An entity may elect to apply the PFRS 19 if at the end of reporting period:

- It is a subsidiary as defined in PFRS 10 Consolidated Financial Statements;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with PFRS accounting standards.

An eligible entity (including an intermediate parent) can apply PFRS 19 in its consolidated, separate or individual financial statements. PFRS 19 is applicable for both annual and interim reporting.

PFRS 19 is effective beginning on or after January 1, 2027, with early application permitted.

2.02.02 Deferred

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

On January 13, 2016, the FSRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

3.01 Statements of Compliance

The consolidated financial statements have been prepared in conformity with PFRS and are under the historical cost convention, except for certain financial instruments that are carried either at fair value or at amortized cost and inventories carried at lower of cost or net realizable value.

3.02 Functional and Presentation Currency

Items included in the consolidated financial statements of the Group are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Group operates (the "functional currency").

The Group chose to present its consolidated financial statements using its functional currency.

3.03 Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary.

The consolidated financial statements incorporate the financial statements of the Parent Company and the entities controlled by the Parent Company (its subsidiary) up to June 30 each year. Control is achieved when the Parent Company has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date when control is transferred to the Parent Company and ceases to be consolidated from the date when control is transferred out of the Parent Company.

At acquisition, the assets and liabilities and the contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the profit and loss in the period of acquisition.

Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to

benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-group balances and transactions, including inter-group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All inter-group transactions, balances, income and expenses are eliminated during consolidation.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the Group's equity attributable to equity holders of the Parent Company.

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

Upon the loss of control, the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statements of financial position. The Group recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. The Group recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

3.04 Current and Non-current Presentation

The Group classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Group classifies all other assets as non-current.

The Group classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

4. MATERIAL ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Group in the preparation of its consolidated financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Segment Information

An operating segment is a component of the Group: (a) that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group; (b) whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and inter-segment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments, provided that; (b) the absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and (c) its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the consolidated financial statements.

The business of the Group is currently organized into two (2) geographical areas namely as National Capital Region and Provincial areas. These areas are the basis on which the Group reports its primary segment information.

4.02 Financial Assets

4.02.01 Initial Recognition and Measurement

The Group recognizes a financial asset in its consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Except for trade receivables that do not have a significant financing component, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Group measures trade receivables that do not have a significant financing component at their transaction price.

4.02.02 Classification

- Financial Asset at Amortized Cost

  A financial asset shall be measured at amortized cost if both of the following conditions are met:

  - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortized cost include cash in banks, trade receivables, due from related parties and other non-current assets.

a) Cash in Banks

Cash in banks pertains to cash deposits held at call with bank that are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

b) Trade Receivables and Due from related parties

Trade receivables and due from related parties are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for expected credit losses of trade receivables and due from related parties are established based on individual assessment and available facts and circumstance, including, but not limited to historical loss experience and economic factors. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

c) Other non-current assets

Other non-current assets pertain to refundable deposits, construction bond and others. Refundable deposits pertain to amount given to the lessor as security for future repairs needed on the leased area. These are initially recorded at the amount of cash paid. Subsequently, this is measured at cost using the effective interest method, less any impairment.

The Group does not have financial assets measured at fair value either through profit and loss or through other comprehensive income in both years.

4.02.03 Reclassification

When, and only when, the Group changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with Note 4.03.02. If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. The Group shall not restate any previously recognized gains, losses (including impairment losses) or interest.

4.02.04 Effective Interest Method

Finance income is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

4.02.05 Impairment

The Group measures expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Group adopted the following approaches in accounting for impairment.

- General Approach

  The Group applies general approach to cash in banks, due from related parties and other non-current assets. At each reporting date, the Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Group measures the loss allowance equal to 12-month expected credit losses.

  The Group compares the risk of default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, that is available without undue cost or effort, to determine whether there is a significant increase in credit risk or not since initial recognition.

  The Group determines that there has been a significant increase in credit risk when there is a significant decline in the factors. The Group assumes that the credit risk on cash in banks has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

  The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

  The Group did not apply the 30 days past due rebuttable presumption because the Group determines that there have been no significant increases in credit risk even if collections are more than 30 days past due.

  If the Group has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

  The Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

  The Group performs the assessment of significant increases in credit risk on an individual basis by considering information that is indicative of significant increases in credit risk.

  The Group does not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not. Based on the Group's historical experience, customer is in default when it is already past due for 360 days and beyond.

  The Group determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

  - Significant financial difficulty of the counterparty;
  - A breach of contract, such as a default or past due event;
  - The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
  - It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

- Simplified Approach

  The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Group determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

  - Significant financial difficulty of the counterparty;
  - A breach of contract, such as a default or past due event;
  - The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
  - It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.02.06 Derecognition

The Group derecognizes a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

4.03 Prepayments and Other Current Assets

4.03.01 Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire through passage of time.

These are classified in the consolidated statements of financial position as current assets when the expenses are expected to be incurred within one (1) year or the group's normal operating cycle, whichever is longer. Otherwise, these are classified as other non-current assets.

4.03.02 Advances to Suppliers

Advances to suppliers represent payments for the goods to be delivered. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are reclassified to inventories upon transfer of ownership of the related goods.

4.03.03 Advances to Contractors

Advances to contractors represent payments for the services to be rendered. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expenses upon the receipt of the services.

4.04 Business Combination

The Group applies the standard on business combination under PFRS 3 as amended and adopted in 2009. The standard outlines the accounting when an acquirer obtains control of a business (e.g. acquisition or merger). Such business combinations are accounted for using the 'acquisition method", which generally requires assets acquired and liabilities assumed to be measured at their fair values at date of acquisition.

PFRS 3 seeks to enhance the relevance, reliability and comparability of information provided about business combinations (e.g. acquisition and mergers) and their effects. It sets out the principles on the recognition and measurement of acquired assets and liabilities, the determination of goodwill and the necessary disclosures.

In determining whether a transaction is a business combination, PFRS 3 provides additional guidance on determining whether a transaction meets the definition of a business combination and accounted for in accordance with its requirements. This guidance includes:

- Business combinations can occur in various ways such as by transferring cash, including liabilities, issuing equity instrument (or any combination thereof), or by not issuing consideration at all (i.e. by contract alone); and
- Business combinations can be structured in various ways to satisfy legal, taxation or other objectives, including one entity becoming a subsidiary of another, the transfer of net assets from one entity to another or to new entity;

The business combination must involve the acquisition of a business, which generally has three elements:

- Inputs – an economic resource (e.g., non-current assets, intellectual property) that creates outputs when one or more processes are applied to it;
- Process – a system standard, protocol, convention or rule that when applied to an input or inputs, creates outputs (e.g., strategic management, operational processes, resource management); and
- Output – the result of inputs and processes applied to those input.

4.04.01 Acquisition Method

In every acquisition of business, the Group determines the acquisition date, recognize and measures all identifiable assets acquired, the liabilities assumed and non-controlling interest (NCI, formerly called minority interest) in the acquiree, and determines if there is goodwill or gain from a bargain purchase if applicable.

The Group recognizes the acquisition date as the date on which the Group obtains control over the acquiree. Generally, this is the date on which the Group legally transfer the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the Group as the acquirer may obtain control on a date that is either earlier or later than the closing date depending on what was agreed upon with the acquiree.

In recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, the Group observes the definition of assets and liabilities in accordance with the Framework for the Preparation and Presentation of Financial Statements at the acquisition date. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.

On income taxes, the Group recognizes and measures a deferred tax asset or liability arising from the assets acquired and liabilities assumed in accordance with PAS 12 while the standard under PAS 19 is relied on for employee benefits.

The Group recognizes and measures goodwill in accordance with PFRS 3, as the difference between:

- Aggregate of (1) the value of the consideration transferred (generally at fair value), (2) the amount of any non-controlling interest in the acquiree, and (3) in a business combination

achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and

- The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (measured in accordance with PFRS 3.

4.04.02 Common Control Business Combinations

A business combination is a "common control combination" if the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This means that the same party or parties have the ultimate control over the combining entities or businesses both before and after the business combination.

Common control combinations are typically accounted for using the "pooling of interest method" and, in some cases where there is commercial substance to the transaction, using the "acquisition method" under PFRS 3.

PIC Q&A 2011-02 established the following consensus:

1. PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, requires that in the absence of specific guidance in PFRS, management shall use its judgement in developing and applying an accounting policy that is relevant and reliable (PAS 8.10). The most relevant and reliable accounting policies for common control business combination would either be the pooling of interest method and the acquisition method in accordance with PFRS 3.
2. Common control business combinations shall be accounted for using either the pooling of interests method or the acquisition method. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity.
3. The accounting policy for common control business combination shall be applied consistently for similar transactions.

4.04.03 Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary.

The consolidated financial statements incorporate the financial statements of the Parent and the entity controlled by the Parent (its subsidiary) up to June 30 of each year. Control is achieved when the Parent has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

Subsidiary is consolidated from the date when control is transferred to the Parent and ceases to be consolidated from the date when control is transferred out of the Parent.

4.04.04 Measurement

The assets and liabilities and the contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the profit and loss in the period of acquisition.

4.04.05 Initial Measurement of Goodwill or Gain on a Bargain Purchase

Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on a bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

4.04.06 Inter-group Balances

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-group balances and transactions, including inter-group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Parent Company. All inter-group transactions, balances, income and expenses are eliminated during consolidation.

4.04.07 Loss of Control

Upon the loss of control, the Parent Company derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of controls is recognized in profit or loss. If the Parent Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date the control is lost. Subsequently, it is accounted for as entity-accounted investee or as financial assets at FVTPL or FVOCI depending on the level of influence retained.

4.04.08 Measurement Period.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as at the acquisition date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition date.

4.05 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognized immediately in profit or loss.

When the circumstances that previously caused inventories to be impaired no longer exist or when there is clear evidence of an increase in selling price less costs to complete and sell because of changed economic circumstances, a reversal of the impairment is recognized so that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell. Any impairment reversal is recognized in profit or loss but is limited to the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

4.05 Property and Equipment

Property and equipment are initially measured at cost. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Office and store equipment	5 to 10 years
Building and building improvements	5 to 20 years

The property and equipment's residual values, useful lives and depreciation method are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.07 Computer Software

Computer software acquired separately is initially carried at cost. Subsequently, intangible asset with definite useful life is carried at cost less accumulated amortization and accumulated impairment losses. Amortization of computer software is recognized on a straight-line basis over its estimated useful life of two (2) years.

The estimated useful life, residual value and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

4.08 Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that any assets other than inventories, deferred tax assets, and financial assets that are within the scope of PFRS 9, *Financial Instruments* may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to

individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

4.09 Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.10 Financial Liabilities

4.10.01 Initial Recognition and Measurement

The Group shall recognize a financial liability in its consolidated statements of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

At initial recognition, the Group shall measure a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.10.02 Classification

The Group shall classify all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate;
- contingent consideration recognized by an acquirer in a business combination.

The Group's financial liabilities measured at amortized cost include trade and other payables (excluding customers' deposits and due to government agencies), due to a related party, loans payable and lease liabilities.

The Group does not have financial liabilities measured at fair value through profit or loss.

4.10.03 Derecognition

The Group removes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished (i.e. when the obligation in the contract is discharged or cancelled or expires).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

4.12 Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.13 Customers' Deposits

Customers' deposits pertain to down payments made by customers on their purchase. These are recorded initially as liability equivalent to the amount of cash received. Subsequently, these are charged to profit or loss upon delivery of food products.

4.14 Employee Benefits

4.14.01 Short-term Benefits

The Group recognizes a liability, net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, SSS, PhilHealth, and HDMF contributions and other employee benefits.

4.14.02 Post-employment Benefits

The Group has an unfunded and noncontributory defined benefit retirement plan. This benefit defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the Projected Unit Credit Method (PUCM) which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Retirement benefits include current service cost and net interest on defined benefit obligation. Remeasurements which include change on demographic and financial assumption and experience adjustment are recognized directly in other comprehensive income and are also presented as remeasurements under 'equity' in the consolidated statement of financial position.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The retirement benefit obligation recognized in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of interest rates of

government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

4.15 Provisions

Provisions are recognized when the Group has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate.

4.16 Revenue Recognition

The Group shall recognize revenue when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

4.16.01 Performance Obligations Satisfied at a Point in Time

The Group recognizes revenue at point in time from its store sales and commissary sales, this is when there is a present right to payment for goods, transfer of physical possession of goods, acceptance of the same by its customers and transfer of significant risk and rewards of the goods.

4.16.02 Royalty

Revenue from royalty is recognized as the royalty accrues based on certain percentages of the franchisees' gross sales.

4.16.03 Finance Income

Finance income is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Finance income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.16.04 Principal versus Agent Considerations

The Group should determine whether it is a principal or an agent in a transaction through the nature of its promise in a performance obligation.

The Group determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e. the Group is a principal) or to arrange for the other party to provide those services (i.e. the Group is an agent).

The Group is a principal if it controls a promised service before it transfers the service to a customer. It recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for those services transferred.

The Group is an agent if its performance obligation is to arrange for the provision of services by another party. It recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its services.

4.16 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Group.

The Group recognizes expenses in the consolidated statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.17 Leases

4.17.01 The Group as a Lessee

The Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. To apply this definition the Group assesses whether the contract meets three (3) key evaluations, which are whether:

a. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.

b. The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

c. The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has elected to account for short-term leases and low-value assets using the practical expedients. Instead of recognizing an ROU asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Right-of-Use (ROU) Asset

At the commencement date, the Group measures the ROU asset at cost, which comprises of:

- initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any incentives received;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent to initial recognition, ROU assets are carried at cost less accumulated depreciation and accumulated impairment losses. The Group depreciates the ROU asset on a straight-line method from the lease commencement date to the earlier of the end of the useful life of the ROU asset or

the end of the lease term. The Group also assesses the ROU asset for impairment when such indicators exist.

On the consolidated statements of financial position, right-of-use assets have been presented as a separate line item.

Lease Liabilities

At the commencement date, the Group measures the lease liabilities at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not the Group uses the incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under the residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect in-substance fixed lease payments.

The Group recognizes the amount of remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the remeasurement in profit or loss.

On the consolidated statements of financial position, lease liabilities have been presented as a separate line item.

4.18 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Group that is preparing its consolidated financial statements. A person or a close member of that person's family is related to Group if that person has control or joint control over the Group, has significant influence over the Group, or is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.

- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- The entity is controlled or jointly controlled by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4.19 Taxation

Income tax expense represents the sum of current and deferred taxes.

4.19.01 Current Tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.19.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement

of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4.19.03 Current and Deferred Taxes for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is also recognized outside profit or loss.

4.19.04 Impact of Change in Tax Regime

Components of tax expense include any adjustments recognized in the period for current tax of prior period and the amount of deferred tax expense (income) relating to changes in tax rates. The provision for current income tax during the year include the difference between income tax per prior year financial statements and prior year income tax return.

Deferred tax assets and liabilities as of reporting period is remeasured using the new tax rates. The impact of remeasurement is recognized in profit or loss (i.e., provision for/benefit from deferred income tax), unless it can be recognized in other comprehensive income or another equity account as provided for in PAS 12.61A.

Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation.

4.20 Earnings per Share

The Group computes its basic earnings per share by dividing net income or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

4.21 Changes in Accounting Policies

The adoption of the new and revised standards and interpretations disclosed in Notes 2.01 and 2.02, was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *"Accounting Policies, Changes in Accounting Estimates and Errors"*.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.01 Critical Judgments in Applying Accounting Policies

The following are critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

5.01.01 Aggregation of Operating Segments

In accordance with the provisions of PFRS 8, *Operating Segments*, the Group's reporting segment is based on the management approach with regard to the segment identification, under which information regularly provided to the chief operating decision maker for decision-making purposes is considered as decisive. The segments are also evaluated under the management approach.

The Group reports its segment based on the nature of the products and services provided and geographic areas. Management identifies its operating segments as generally based on nature of the products and services such as sale of foods and franchise revenue; and geographic areas such as domestic and international. The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of net trading gains (losses), other income, equity in net earnings, operating expenses and income tax.

5.01.02 Determining whether or not a Contract Contains a Lease

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from PAS 17 and IFRIC 4 and has not applied PFRS 16 to arrangements that were previously not identified as lease under PAS 17 and IFRIC 4.

Management assessed the Group's agreements to use store spaces qualified as lease contracts since the contract contains an identified asset, the Group has the right to obtain substantially all of the economic benefits, and the Group has the right to direct the use of the identified asset throughout the period of use.

5.01.03 Assessment of Principal-Agency Arrangement

The Group determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e. the Group is a principal) or to arrange for the other party to provide those services (i.e. the Group is an agent).

In January 1 to March 31, 2026, 2025 and 2024 the Group assessed that it is acting as a principal on its sales derived from third-party food delivery supports because the Group has the primary responsibility for fulfilling the promise to provide goods to customers, bears the risk on the goods and has the discretion in determining the selling price of the goods. The Group recognized commission expense on amount paid to third-party delivery supports amounting to ₱101,793,652, ₱85,540,884 and 86,053,535 in January 1 to March 31, 2026, 2025 and 2024 respectively, as disclosed in Note 23.

5.01.04 Assessment of Timing of Satisfaction of Performance Obligations

An entity satisfies a performance obligation by transferring control of a promised good or service to the, which could occur over time or at a point in time.

Management assessed that performance obligation is satisfied at a point in time, this is when there is a present right to payment for goods, transfer of physical possession of goods, acceptance of the same by its customers and transfer of significant risk and rewards of the goods. In January 1 to March 31, 2026, 2025 and 2024 revenues recognized amounted to ₱1,495,687,957, ₱1,301,577,665 and ₱1,310,743,076 as disclosed in Note 21.

5.01.05 Assessment of Contractual Terms of a Financial Asset

The Group determines whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Group considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of its financial assets are solely payments of principal and interest and consistent with basic lending arrangement. As of March 31, 2026 and 2025, the carrying amounts of financial assets measured at amortized cost amounted to ₱689,249,132 and ₱761,763,012 respectively, as disclosed in Note 31.02.

5.01.06 Assessment of the Allocation of Transaction Price to Performance Obligations

A performance obligation is a vendor's promise to transfer a good or service that is 'distinct' from other goods and services identified in the contract.

Management assessed that allocation of transaction price to performance obligation is not applicable since the only obligation identified is to deliver and served the foods and drinks ordered by its customers.

5.01.07 Assessment of 30 days Rebuttable Presumption

The Group determines when a significant increase in credit risk occurs on its financial assets based on the credit management practice of the Group.

Management believes that the 30 days rebuttable presumption on determining whether financial assets are past due is not applicable since based on Group's historical experience credit risk has not increased significantly even if collections are more than 30 days past due.

5.01.08 Assessment of 90 days rebuttable presumption

An entity determines when a past due occurs on its financial assets based on the credit management practice of the entity.

Management believes that the 90 days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable based on the Group's historical experience the Group determines that the customer is in default when it is already past due for 360 days and beyond.

5.01.09 Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised

Lease term is the non-cancellable period for which the Group has the right to use an underlying asset including optional periods when the Group is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term and the enforceability of the option. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Group is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Management assessed that it is reasonably certain that it will exercise the extension option but the extension option is not enforceable because it requires mutual agreement of both parties.

5.02 Key Sources of Estimation Uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainties at the end of the reporting periods that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Estimating Allowance for Expected Credit Losses of Financial Assets

The Group evaluates the expected credit losses related to its financial assets based on an individual assessment and available facts and circumstances, including, but not limited to historical loss experience and economic factors.

The Group uses credit ratings, performance of banking industry, macro-economic and bank's financial information to assess the expected credit losses on its cash in banks. In view of the foregoing factors, Management believes that the expected credit loss is nil in 2025 and 2024.

The Group uses performance of customers' industry, macro-economic factors and economy's outlook to assess the expected credit losses on its trade receivables. In view of the foregoing factors, Management believes that the expected credit loss on trade receivables is nil in 2025 and 2024.

The Group uses the available financial information about the lessors, macro-economic factors and economy's outlook to assess the expected credit losses on its refundable deposits. In view of the foregoing factors, Management believes that the expected credit loss on refundable deposits is nil in both years.

In March 31, 2026 and 2025, no provision for expected credit loss was recognized on Group's financial assets.

As of March 31, 2026 and 2025, the carrying amounts of financial assets measured at amortized cost amounted to ₱689,249,132 and ₱761,763,012 as disclosed in Note 30.01.

5.02.02 Estimating Inventories at Net Realizable Values

Net realizable values of inventories are assessed regularly based on the prevailing selling prices of inventories less estimated costs to sell. The Group recognizes expense and provides allowance for decline in value of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes on price levels or other causes. Inventory items identified to be obsolete and unusable is written off and charged against allowance account. Increase in the net realizable values will increase the carrying amount through reduction of allowance for decline but only to the extent of original acquisition cost.

In 2026 and 2025, Management believes the net realizable value of inventories approximate their costs, thus, no allowance for decline in value was recognized. As of March 31, 2026 and 2025, inventories amounted to ₱443,023,924 and ₱488,340,294 as disclosed in Note 9.

5.02.03 Reviewing Residual Values, Useful Lives and Depreciation Method of Property and Equipment

The residual values, useful lives and depreciation method of the Group's property and equipment are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Group's property and equipment are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of property and equipment, the Group considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase the recognized expenses and decrease non-current assets. The Group uses a depreciation method that reflects the pattern in which it expects to consume the property and equipment's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which the Group expects to consume the property and equipment's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern.

In both years, Management assessed that there are no indications that there has been any change in pattern used by in consuming Group's property and equipment's future economic benefits. As of March 31, 2026 and 2025 the carrying amounts of the Group's property and equipment are ₱4,219,535,528 and ₱3,694,925,357 as disclosed in Note 11.

5.02.04 Reviewing Residual Value, Useful Life and Amortization Method of Intangible Assets

The residual value, useful life and amortization method of the Group's computer software are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; technological advancement; and changes in market prices since the most recent annual reporting date. Amortization begins when the computer software is available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by Management. Amortization ceases when the intangible asset is derecognized. The Group uses a straight-line method of amortization since it cannot determine reliably the pattern in which it expects to consume the intangible asset's future economic benefits.

In both years, Management assessed that there are no indications that there has been any change in pattern used by the Group in consuming its intangible assets' future economic benefits. As of March 31, 2026 and 2025, the carrying amounts of the Intangibles amounted ₱270,952,538 and ₱252,091,714 as disclosed in Note 12.

5.02.05 Asset Impairment

The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of prepayment and other current assets, property and equipment, intangible assets and right-of-use assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Group to conclude that aforementioned assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

In both years, Management assessed that no indicators of impairment had existed on prepayment and other current assets, property and equipment, right-of-use assets and intangible assets. As of March 31, 2026 and 2025, the aggregate carrying amounts of the aforementioned assets amounted to ₱5,005,633,054 and ₱4,504,971,170 respectively, as disclosed in Notes 10, 11, 12, and 13.

5.02.06 Estimating Recoverability of Deferred Tax Assets

The Group reviews the carrying amounts at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

Management believes that the Group will generate future taxable profit to use all or part of its deferred tax asset amounting to ₱9,193,536 and ₱9,842,402 in March 31, 2026 and 2025, as disclosed in Note 28.

5.02.07 Post-employment and Other Employee Benefits

The determination of the retirement obligation and cost and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, and rates of compensation increase. In accordance with the PFRS, actual results that differ from the assumptions are recognized as remeasurements in other comprehensive income and therefore, generally affect recorded obligation. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

The Group's retirement benefit amounted to ₱1,093,636, ₱1,066,304 and P904,284 in January 1 to March 31, 2026, 2025 and 2024, respectively, as disclosed in Note 24. The Group's retirement benefit obligation as of March 31, 2026, 2025 and 2024, amounted to ₱17,952,253 ₱14,092,424 and ₱26,045,253, respectively, as disclosed in Note 24.

5.02.08 Estimating the Appropriate Discount Rate to Use

The Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Group uses the incremental borrowing rate.

Management used its incremental borrowing rate of 2.3% to 3.02% per annum to measure the present value of its lease liabilities since the implicit rate was not readily available.

6. SEGMENT INFORMATION

6.01 Revenue from Major Products

Listed below are the revenues earned from each major product for the periods **January1 to March 31**:

		2026		2025		2024
ANGELS PIZZA	P	**1,068,346,348**	P	942,564,266	P	946,300,318
FIGARO COFFEE GROUP		**55,850,570**		56,120,056		54,254,566
TIEN MA		**35,900,388**		33,838,902		42,306,812
	P	**1,160,097,305**	**P**	**1,032,523,223**	**P**	**1,042,861,696**

6.02 Geographical Information

The Group operates in two (2) principal geographical areas. The Group's revenue from continuing operations from external customers by geographical location are detailed below:

		2026		2025		2024
NATIONAL CAPITAL REGION	P	**549,815,621**	P	425,373,982	P	519,705,232
PROVINCIAL AREAS		**610,281,684**		607,149,241		523,156,464
	P	**1,160,097,305**	**P**	**1,032,523,223**	**P**	**1,042,861,696**

7. CASH

For the purpose of the consolidated statements of cash flows, cash includes cash on hand and cash in banks.

Cash at the end of the reporting periods as shown in the consolidated statements of cash flows can be reconciled to the related item in the consolidated statements of financial position as follows:

		March 31, 2026		June 30, 2025		June 30, 2024
Cash on hand	**₱**	**13,901,425**	**₱**	**11,188,884**	₱	13,867,400
Cash in banks		**436,353,154**		**320,113,866**		361,067,005
	₱	**450,254,579**	**₱**	**331,302,750**	₱	374,934,405

Cash on hand pertains to revolving and change fund kept in the different branches.

Finance income from banks amounted to nil in 2025 and 2024 since bank accounts maintained are current accounts which do not earn interest.

8. TRADE RECEIVABLE

The Group's trade receivable as of March 31, 2026, June 30, 2025 and 2024 amounted to ₱201,903,453 ₱199,942,530 and ₱164,034,685, respectively.

Trade receivables which pertain to supplies billed to franchisees, commissary sales to certain institutions and receivable from credit card companies and food delivery services have an average credit period of 60 days from the sale of goods. No interest is charged on trade receivables. The Group determines that a customer is in default when it is already past due for 360 days and beyond.

Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the Group has not recognized an allowance for expected credit losses because there has been no significant amount on past due accounts which are 360 days and beyond. The Group does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Aging of outstanding accounts that are past due but not impaired is as follows:

		March 31, 2026		June 30, 2025		June 30, 2024
1 to 30 days	**₱**	**139,984,635**	**₱**	**131,984,098**	₱	48,209,670
31 to 60 days		**26,094,863**		**19,126,409**		38,695,245
Over 60 days		**35,823,955**		**48,832,023**		77,129,770
	₱	**201,903,453**	**₱**	**199,942,530**	₱	164,034,685

In determining the recoverability of trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

In 2025, 2024 and 2023, no expected credit loss was recognized for the Group's trade receivables because the Group believes that there is only an insignificant amount of expected credit loss therefrom.

9. INVENTORIES

The Group's inventories pertaining to foods, beverages, store and kitchen supplies amounted to ₱443,023,924, ₱436,935,354 and ₱430,658,720, as of March 31, 2026, June 30, 2025 and 2024, as disclosed in Note 22.

The cost of inventories recognized as an expense amounted to ₱488,040,603 ₱425,410,550 and ₱495,072,851 in March 31, 2026, 2025 and 2024, as disclosed in Note 22.

Inventories are expected to be recovered within twelve (12) months after the reporting period.

There are no unusual purchase commitments and accrued net losses on such commitments. There are no losses which are expected to arise from firm and noncancellable commitments for the future purchase of inventory items.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Group's prepayments and other current assets are shown below:

		March 31, 2026		**June 30, 2025**		June 30, 2024
Prepaid rent	₱	**47,925,634**	₱	**47,712,572**		1,233,630
Advances to contractors		**146,082,569**		**145,770,366**		125,022,173
Advances to suppliers		**13,952,563**		**12,503,069**		17,251,124
Advances to officers and employees		**10,131,659**		**6,077,628**		15,912,388
	₱	**218,092,425**	₱	**212,063,635**	₱	159,419,315

Advances to suppliers pertain to inventories that are already paid. The average shipment and delivery is 60 days from initial payment of goods.

Advances to contractors pertain to materials and services paid in advance.

11. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Group's property and equipment as of March 31, 2026 June 30, 2025 and 2024, are as follows:

		Office and Store Equipment		Building and Building Improvements		Total
Carrying Amount as of June 30, 2024		**1,195,803,821**		**1,331,290,813**		**2,527,094,634**
Movements during 2025						
Balance, July 1, 2024		**1,195,803,821**		1,331,290,813		**2,527,094,634**
Additions		**795,013,672**		932,636,037		**1,727,649,709**
Depreciation		**- 192,127,744**		-172,371,246		**-364,498,990**
Balance, June 30, 2025		**1,798,689,749**		**2,091,555,604**		**3,890,245,353**
June 30, 2025						
Cost		**2,393,777,224**		2,855,909,817		**5,249,687,041**
Accumulated depreciation		**- 595,087,475**		-764,354,213		**-1,359,441,688**
Carrying Amount	**₱**	**1,798,689,749**	**₱**	**2,091,555,604**	**₱**	**3,890,245,353**
Movements during the Quarter						
Balance, July 1, 2025		**1,798,689,749**		2,091,555,604		**3,890,245,353**
Additions		**69,090,059**		238,094,539		**307,184,598**
Depreciation		**- 69,061,663**		-70,923,824		**-139,985,487**
Balance, June 30, 2025		**1,798,718,145**		**2,258,726,319**		**4,057,444,464**
September 30, 2025						
Cost		**2,462,867,283**		**3,094,004,356**		**5,556,871,639**
Accumulated depreciation		**- 664,149,138**		**- 835,278,037**		**-1,499,427,175**
Carrying Amount	**₱**	**1,798,718,145**	**₱**	**2,258,726,319**	**₱**	**4,057,444,464**
Movements during the Quarter						
Balance, October 1, 2025		**1,798,718,145**		2,258,726,319		**4,057,444,464**
Additions		**52,548,403**		146,935,456		**199,483,859**
Depreciation		**- 53,180,032**		-46,924,035		**-100,104,067**
Balance, December 31, 2025		**1,798,086,516**		**2,358,737,740**		**4,156,824,256**
December 31, 2025						
Cost		**2,515,415,686**		**3,240,939,812**		**5,756,355,498**
Accumulated depreciation		**- 717,329,170**		**- 882,202,072**		**-1,599,531,242**
Carrying Amount	**₱**	**1,798,086,516**	**₱**	**2,358,737,740**	**₱**	**4,156,824,256**
Movements during the Quarter						
Balance, January 1, 2026		**1,851,266,548**		2,358,737,740		**4,156,824,256**
Additions		**58,448,226**		138,612,352		**197,060,578**
Depreciation		**- 71,080,825**		-63,268,481		**-134,349,306**
Balance, March 31, 2026		**1,838,633,949**		**2,434,081,611**		**4,219,535,528**
March 31, 2026						
Cost		**1,909,714,774**		**2,994,522,169**		**5,953,416,076**
Accumulated depreciation		**- 788,409,995**		**- 827,622,694**		**-1,733,880,548**
Carrying Amount	**₱**	**1,121,304,779**	**₱**	**2,166,899,475**	**₱**	**4,219,535,528**

In 2026, 2025 and 2024, all additions were paid in cash.

Depreciation is allocated as follows:

Jan 1 to March 31	2026		2025		2024
Direct cost	**8,502,942**	₱	**7,291,442**	₱	**3,804,252**
Operating expenses	**125,846,364**		**100,487,890**		**109,073,853**
	134,349,306	₱	**107,779,332**	₱	**112,878,105**

In 2026, 2025 and 2024, Management assessed that there were no indications of impairment existing in property and equipment.

12. INTANGIBLE ASSETS – net

The carrying amounts of the Group's intangible assets as of March 31, 2026, June 30, 2025 and 2024 are as follows:

INTANGIBLES		March 31, 2026		March 31, 2025		March 31, 2024
Balance, July 1						
Cost	₱	**261,858,445**	₱	**114,731,928**	₱	**57,380,187**
Accumulated amortization		-22,093,089		-22,093,089		-22,093,089
Carrying Amount		**239,765,356**		**92,638,839**		**35,287,098**
Movements during the year						
Balance, July 1		**39,765,356**		**92,638,839**		**35,287,098**
Additions		25,501,115		147,126,517		57,351,741
Amortization		-25,226,928				
Balance, June 30	-	**240,039,543**	-	**239,765,356**		**92,638,839**
06/30/2025						
Cost		**287,359,560**		**261,858,445**		**114,731,928**
Accumulated amortization		-47,320,017		-22,093,089		-22,093,089
Carrying Amount	₱	**240,039,543**	₱	**239,765,356**	₱	**92,638,839**
Movements during the year						
Balance, July 1		**240,039,543**		**39,765,356**		**92,638,839**
Additions		36,760,839		25,501,115		243,336,011
Amortization		-25,226,928		-25,226,928		
Balance, Sept 30	₱	**240,039,543**	₱	**240,039,543**		**335,974,850**
Sep-30						
Cost		**324,120,399**		**287,359,560**		**358,067,939**
Accumulated amortization		-72,546,945		-47,320,017		-22,093,089
Carrying Amount	₱	**251,573,454**	₱	**240,039,543**	₱	**335,974,850**
Movements during the year						

Balance, Oct 1		**251,573,454**		**240,039,543**		**335,974,850**
Additions		**2,611,705**		**36,760,839**		131,882,783
Amortization		-2,093,445		-25,226,928		
Balance, Dec 31	₱	**252,091,714**	₱	**251,573,454**		**467,857,633**
Dec-31						
Cost		**326,732,104**		**324,120,399**		**489,950,722**
Accumulated amortization		-74,640,390		-72,546,945		-22,093,089
Carrying Amount	₱	**252,091,714**	₱	**251,573,454**	₱	**467,857,633**
Movements during the year						
Balance, Jan 1		**254,185,159**		**251,573,454**		**467,857,633**
Additions		**20,068,835**		**2,611,705**		34,080,996
Amortization		-3,301,456		-2,093,445		**-2,093,424**
Balance, March 31	₱	**270,952,538**	₱	**252,091,714**		**499,845,205**
3/31/2026						
Cost		**348,894,384**		**326,732,104**		**524,031,718**
Accumulated amortization		-77,941,846		-74,640,390		-24,186,513
Carrying Amount	₱	**270,952,538**	₱	**252,091,714**	₱	**499,845,205**

In 2026, 2025 and 2024, all additions were paid in cash.

The remaining useful life of computer software is two (10) years.

The Group has determined that there is no indication that an impairment loss has occurred on its intangible assets in both years.

13. RIGHT-OF-USE ASSETS – net

The carrying amounts of the Group's right-of-use assets as of March 31, 2026, June 30, 2025 and 2024, are as follows:

Right of Use		2026		2025		2024
Balance, March 31,						
Cost	₱	**516,039,368**	₱	**107,129,013**	₱	12,228,382
Accumulated depreciation		**-199,009,524**		**-22,093,089**		-7,428,290
Carrying Amount		**317,029,844**		**85,035,924**		4,800,092
Movements during the year						
Balance, April 1		**317,029,844**		**85,035,924**		4,800,092
Additions		**54,357,313**		**272,556,890**		27,127,944
Depreciation		**-53,462,638**		**-66,566,355**		-14,664,799
Balance, June 30		**317,924,519**		**291,026,459**		17,263,237
Cost		**570,396,681**		**379,685,903**		39,356,326
Accumulated depreciation		**-252,472,162**		**-88,659,444**		-22,093,089
Carrying Amount	₱	**317,924,519**	₱	**291,026,459**	₱	17,263,237
Movements during the year						
Balance, July 1 2025		**317,924,519**		**291,026,459**		17,263,237

Additions	17,762,907	35,898,647	46,434,973
Depreciation	-45,344,904	-32,865,472	-25,668,823
Balance, September 30, 2025	**290,342,522**	**294,059,634**	38,029,387
September 30, 2025			
Cost	**588,159,588**	**415,584,550**	85,791,299
Accumulated Depreciation	-297,817,066	-121,524,916	-47,761,912
Carrying Amount	**290,342,522**	**294,059,634**	38,029,387
Movements during the year			
Balance, Oct 1 2025	**290,342,522**	**294,059,634**	38,029,387
Additions	50,337,259	62,176,123	34,546,963
Depreciation	-44,329,145	-38,742,304	
Balance, December 31, 2025	**296,350,636**	**317,493,453**	72,576,350
December 31, 2025			
Cost	**638,496,847**	**477,760,673**	120,338,262
Accumulated Depreciation	-342,146,211	-160,267,220	-47,761,912
Carrying Amount	**296,350,636**	**317,493,453**	72,576,350
Movements during the year			
Balance, January 1, 2026	**296,350,636**	**317,493,453**	72,576,350
Additions	44,379,579	38,278,695	12,459,574
Depreciation	-43,677,652	-38,742,304	
Balance, March 31, 2026	**297,052,563**	**317,029,844**	85,035,924
March 31, 2026			
Cost	**682,876,426**	**516,039,368**	107,129,013
Accumulated Depreciation	-385,823,863	-199,009,524	-22,093,089
Carrying Amount	**297,052,563**	**317,029,844**	85,035,924

The details of the lease contracts are disclosed in Note 26.

14. OTHER NON-CURRENT ASSETS

The details of other non-current assets are shown below:

		March 31, 2026		June 30, 2025		June 30, 2024
Refundable deposits	₱	**44,953,534**	₱	**42,719,447**	₱	33,125,666
Construction bond		**6,038,991**		**2,310,009**		2,086,944
Others				**-**		1,000,000
	₱	**50,992,525**	₱	**45,029,456**	₱	36,212,610

15. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	March 31, 2026		June 30, 2025		June 30, 2024
Trade	**360,982,424**	₱	**337,029,748**	₱	331,242,122
Due to government agencies	**35,353,239**		**33,788,678**		11,824,222
Customers' deposits	**4,094,253**		**-**		34,685,463
Gift certificate payable	**430,900**		**-**		3,495,200
Accrued expenses	**1,330,253**		**-**		1,353,200
	402,191,069	₱	**370,818,426**	₱	382,600,207

The average credit period on purchases of certain goods from suppliers is 30 days. No interest is charged on the trade payables from the date of the invoice.

Customer's deposits pertain to down payments made by customers on their purchases.

Due to government agencies include expanded and compensation withholding taxes and other statutory payables.

Accrued expenses pertains to accrual of professional fee and other services.

16. LOANS PAYABLE

Details of Group's loans payable are as follows:

	March 31, 2026		June 30, 2025		June 30, 2024
Balance, Jan 1	**1,601,291,667**	₱	**550,435,689**	₱	30,000,000
Assumed from business combination	**1,055,000,000**		**1,055,000,000**		1,050,000,000
Payments	**- 1,029,625,500**		**-84,451,369**		-529,564,311
Balance, Mar 31	**1,626,666,167**	₱	**1,520,984,320**	₱	550,435,689

The loans availed is used for additional working capital of the Group. The loans bear an interest rate of 5.5% to 8% with a term of 180 days to one (1) year. In 2020, the loan was renewed for another one (1) year. The loans are secured by corporate guaranty of Camerton, Inc, a related party under common key management.

In 2026, 2025 and 2024, finance costs incurred and paid amounted to ₱38,902,335, ₱31,987,291, and P9,493,151 respectively.

The Group is not required to maintain any ratios or thresholds. In 2025 and 2024, the Group is compliant with the terms and conditions of the loan contract.

17. LEASE LIABILITIES

The Group, as lessee, entered into various leasing arrangements as disclosed in Note 26. The following are the amounts of lease liabilities:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2025	2024	**2025**	2024
Not later than one (1) year	₱ **75,471,665**	₱ 89,119,091	₱ **63,857,836**	₱ 70,997,346
Later than one (1) year but not later than five (5) years	**161,667,975**	232,147,196	**146,189,635**	195,574,427
	237,139,640	321,268,311	**210,047,471**	266,571,773
Discount	**(27,092,169)**	(54,694,514)	-	-
Present value of minimum lease payments	**210,047,471**	266,571,773	**210,047,471**	266,571,773
Current portion	**63,857,836**	70,997,346	**63,857,836**	70,997,346
Non-current portion	₱ **146,189,635**	₱ 195,574,427	₱ **146,189,635**	₱ 195,574,427

Movement in lease liabilities are as follows:

	Dec 31, 2025	June 30, 2025	June 30, 2024
Balance, beginning	**201,333,258**	₱ **266,571,773**	₱ 7,298,695
Additions	**35,164,340**	**81,715,161**	327,743,444
Finance cost (Note 27)	**4,407,337**	**15,918,135**	17,575,260
Finance cost paid	- **4,007,089**	**-15,918,135**	-17,575,260
Payments	- **45,864,589**	**-138,239,463**	-68,470,366
Balance, ending	**191,033,258**	₱ **210,047,471**	₱ 266,571,773

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates 2.3% to 3.02% per annum.

18. RELATED PARTY TRANSACTIONS

Nature of relationship of the Group and its related parties are disclosed below:

Related Parties	Nature of Relationship
Carmetheus Holdings, Inc.	Ultimate parent
Camerton, Inc.	Immediate Parent
F Coffee Holdings, Inc.	Under common control
F Coffee Holdings Corporation	Under common control
Stockholders	Key management personnel

18.01 Due from related parties

18.01.01 Key Management Personnel

Transactions with key management personnel are as follows:

	March 31, 2026		March 31, 2025	
	Amount/ Volume	**Outstanding Balances**	Amount/ Volume	Outstanding Balances
Stockholders				
Advances	₱ -	₱ -	₱ -	₱ -

Advances pertain cash given to stockholders for their personal use.

In 2025, 2024 and 2023, the Group partially collected its advances granted to related party amounting to ₱120,000,000, nil and ₱167,081,477, respectively.

The amounts outstanding are unsecured, non-interest bearing, collectible on demand and will be settled in cash. No guarantees have been received in respect of the amounts owed by related party. No provisions have been made for expected credit losses in respect of the amounts owed by a related party.

The Group has an approval requirement and limits on the amount and extent of related party transactions.

18.02 Remuneration of Key Management Personnel

In both years, no remuneration was given to the directors and members of key management personnel.

19. CAPITAL STOCK

The paid-in capital stock of the Group are as follows:

	March 31, 2026	June 30, 2025	June 30, 2024
Capital stock (Note 19.02)	**589,345,528**	**₱ 589,345,528**	₱ 589,345,528
Additional paid-in capital	**1,403,308,680**	**1,403,308,680**	1,403,308,680
	1,992,654,208	**₱ 1,992,654,208**	₱ 1,992,654,208

19.01 Increase in Authorized Capital Stock

On March 31, 2021, the Parent Company's Board of Directors and Stockholders approved: (a) the increase in authorized capital stock from ₱150,000,000 to ₱500,000,000; and (b) the stock split through the reduction of the par value of the shares of the Group from ₱100.00 per share to ₱0.10 per share. SEC approved the Group's application to increase authorized capital stock on June 23, 2021.

On September 16, 2021, the Securities and Exchange Commission approved the Company's increase in authorized capital stock to ₱660,000,000 divided into 6,600,000,000 shares with a par value of ₱0.10 per share.

On June 6, 2023, the Parent Company's Board of Directors and Stockholders approved the increase in authorized capital stock amounting to ₱1,340,000,000 comprising of 11,550,000,000 common shares at ₱0.10 par value per share or equivalent to ₱1,155,000,000 and 9,250,000,000 preferred shares at ₱0.02 par value per share or equivalent to ₱185,000,000. SEC approved the Group's application to increase its authorized capital stock on July 14, 2023.

19.02 Capital Stock

The paid-in capital stock of the Group are as follows:

	March 31, 2026		**June 30, 2025**		June 30, 2024
Common shares (Note 19.02.01)	**546,845,528**	**₱**	**546,845,528**	₱	546,845,528
Preferred shares (Note 19.02.02)	**42,500,000**		**42,500,000**		42,500,000
	589,345,528	**₱**	**589,345,528**	₱	589,345,528

19.02.01 Common Shares

Shown below are the details on the movements of common shares.

	2025			2024		
	Shares		**Amount**	Shares		Amount
Authorized						
₱0.10 par value per share	**11,550,000,000**	**₱**	**1,155,000,000**	11,550,000,000	₱	1,155,000,000
Issued and fully paid						
Balance, beginning	**5,468,455,280**		**546,845,528**	5,893,455,280		589,345,528
Additional issuance	-		**-**			-
Conversion to preferred shares	**-**		**-**	(425,000,000)		(42,500,000)
Balance, end	**5,468,455,280**	**₱**	**546,845,528**	5,468,455,280	₱	546,845,528

19.02.02 Preferred Shares

Shown below are the details on the movements of preferred shares.

	2025			2024		
	Shares		**Amount**	Shares		Amount
Authorized						
₱0.02 par value per share	**9,250,000,000**	**₱**	**185,000,000**	9,250,000,000	₱	185,000,000
Subscribed	**8,500,000,000**		**170,000,000**	8,500,000,000		170,000,000
Subscription receivable	**(6,375,000,000)**		**(127,500,000)**	(6,375,000,000)		(127,500,000)
Balance, end	**2,125,000,000**	**₱**	**42,500,000**	2,125,000,000	₱	42,500,000

19.03 Dividend Declaration

On October 12, 2022, Figaro Coffee Group, Inc., the Parent Company declared cash dividend at ₱0.01936 per share or ₱4,648,187,003 to stockholders of record as of November 21, 2022. The record date of the declaration of dividend is December 9, 2022.

At the regular meeting held on October 12, 2023, the Board of Directors of the Figaro Coffee Group, Inc., the Parent Company approved the declaration of cash dividends of ₱0.027 with a total amount of ₱147,648,293 to all stockholders on record as of November 17, 2023. Dividends paid amounted to ₱147,648,293 during the same year.

At a regular meeting held in November 22, 2025, the Board of Directors of Figaro Coffee Group, Inc. (the "Parent Company") approved the declaration of cash dividends amounting to ₱0.0184 per share, or a total of ₱100,619,577, to all stockholders. The total amount of ₱100,619,577 was paid during the same year.

19.04 Issuances of Shares

At incorporation, Camertheus Holdings, Inc. (CHI) subscribed to ₱37,500,000 worth of shares in the Parent Company. Out of such subscription, ₱9,375,000 had been paid by CHI at incorporation of the Parent Company. During the period, CHI fully paid its subscription receivable amounting to ₱28,125,000.

Camerton, Inc. (CI) subscribed to the following shares of the Parent Company:

a. In support of the application for increase in authorized capital stock, Camerton, Inc. (CI), on March 31, 2021, subscribed to 1,250,000,000 shares of the Parent Company for a total subscription price of ₱125,000,000. The subscribed shares were fully paid and issued on June 22, 2021.

b. On June 20, 2021, the Board of Directors of the Parent Company approved the additional paid-in capital in the amount of ₱83,138,000 paid by CI into the Parent Company.

c. 1,250,000,000 shares with par value of ₱0.10 per share for a total subscription price of ₱228,800,000, or ₱0.18304 price per share. The said subscription resulted to an additional capital stock of ₱125,000,000 and an additional paid-in capital of ₱103,800,000 in the Parent Company; and

d. 350,000,000 shares of the Parent Company with par value of ₱0.10 per share for a total subscription price of ₱35,000,000.

As of June 30, 2021, the outstanding capital of the Parent Company is ₱322,500,500 (excluding the additional paid-in capital of ₱186,938,000 with 3,225,005,000 shares issued.

As of June 30, 2021, the Parent Company is 88.37% owned by Camerton, Inc. and 11.63% owned by Carmetheus Holdings, Inc.

On January 24, 2022, the Company completed its IPO and was listed in the PSE under stock symbol "FCG." The Company issued 93,016,000 common shares for a total consideration of ₱69,762,000 or at ₱0.75 per share. This resulted to an additional issuance of capital stock of 1,423,183,200 with par value of ₱0.10 per share for a total of ₱142,318,200.

As of June 30, 2022, the outstanding capital of the Company is ₱464,818,820 (excluding the additional paid-in capital of ₱665,068,300 with 4,648,188,200 shares issued).

As of June 30, 2022, the Company is 69.94% owned by Camerton, Inc. and 8.07% owned by Carmetheus Holdings, Inc.

On February 2, 2023, the Company issued 820,268,295 common shares to Monde Nissin Corporation at ₱1 per share.

As of June 30, 2025 and 2024, the outstanding capital of the Group is ₱5,893,455,280 (excluding the additional paid-in capital of ₱1,403,308,680 with 5,893,455,280 shares issued).

As of June 30, 2025 and 2024, the Group is 53.05% owned by Camerton, Inc., 15% owned by Monde Nissin Corporation and 6.86% owned by Carmetheus Holdings, Inc.

19.05 Track record of registration of securities under the Securities Regulation Code

As of June 30, 2021, the Company is in the process of compiling with the requirements to file Registration Statement with SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of all the issued and outstanding Shares of the Company and the Offer Shares.

The number of shares to be registered, issue/ offer price and the approval or date when the registration statement covering such securities was rendered effective by the Commission, and the number of holders of such securities is to be determined.

On January 24, 2022, the Company completed its IPO and was listed in the PSE under stock symbol "FCG." The Company issued 93,016,000 common shares for a total consideration of ₱69,762,000 or at ₱0.75 per share.

20. BUSINESS COMBINATION

The Group accounted the common control business combination using the "acquisition method" under PFRS 3 because there is commercial substance to the transaction. Factors that indicate commercial substance are as follows:

1. The business combination is undertaken as an integral part of an Initial Public Offering (IPO).
2. The extent to which the acquiring entity's future cash flows are expected to change as a result of the business combination in which the entity-specific value of the portion of the entity's operations affected by the transaction changes as a result of the combination and the exchange is significant relative to the fair value of the assets exchanged.

Cash consideration	₱	**4,627,564**
Less fair value of net identifiable assets acquired		**38,284,325**
Gain on bargain purchase	₱	**33,656,761**

The subsidiary and the Parent Company are under common control. The Management believes that the acquisition will result to more financing resources to improve further the results of operation and financial position of the subsidiary.

The Group included FCSI in its financial consolidation starting June 21, 2021 (the "acquisition date"). The net cash inflow from the acquisition is as follows:

Cash paid on acquisition	₱	**4,627,564**
Less cash acquired from subsidiary		**281,145,694**
	₱	**276,518,130**

From the acquisition date, FCSI contributed ₱53,539,134 of revenues and ₱9,603,908 net profit to Group. If the business combination had taken place beginning July 1, 2020, contribution to consolidated revenues and net loss for the year ended June 30, 2021 would have been ₱1,354,700,778 and ₱197,365,890, respectively.

The fair value of the identifiable assets acquired and liabilities assumed as at the date of the acquisition were as follows:

Cash	281,145,694
Trade receivables	3,112,625
Inventories	59,452,449
Due from related parties	570,499
Prepayments and other current assets	31,940,875
Property and equipment – net	487,214,074
Intangible assets – net	379,748
Right-of-use assets – net	7,369,323
Other non-current assets	9,425,037
Deferred tax assets	4,579,163
Total identifiable assets acquired	**885,189,487**
Less:	
Dividend payable	208,138,000
Due to related party	228,800,000
Trade and other payables	116,763,768
Due to a related party	154,986,809
Loans payable	80,000,000
Lease liabilities	2,540,057
Income tax payable	32,688,283
Retirement benefits obligation	17,949,554
Lease liabilities–net of current portion	5,038,691
Total identifiable liabilities assumed	**846,905,162**
Net identifiable assets acquired	**38,284,325**

21. REVENUES

The Group's revenue from store sales is as follows:

Jan 1 to March 31		2026		2025		2024
ANGELS PIZZA	P	**1,068,346,348**	P	942,564,266	P	946,300,318
FIGARO COFFEE GROUP		**55,850,570**		56,120,056		54,254,566
TIEN MA		**35,900,388**		33,838,902		42,306,812
	P	**1,160,097,305**	**P**	**1,032,523,223**	**P**	**1,042,861,696**

Jan 1 to March 31		2026		2025		2024
NATIONAL CAPITAL REGION	P	**549,815,621**	P	425,373,982	P	519,705,232
PROVINCIAL AREAS		**610,281,684**		607,149,241		523,156,464
	P	**1,160,097,305**	**P**	**1,032,523,223**	**P**	**1,042,861,696**

Jan 1 to March 31	2026	2025	2024
STORE SALES	**1,160,097,305**	**1,032,523,223**	**1,042,861,696**
COMMISSARY SALES	**275,459,796**	**235,270,692**	**223,545,310**
ROYALTY, FRANCHISE &	**23,546,064**	**15,368,166**	**22,233,572**
INSTITUTIONAL SALES	**36,584,791**	**18,415,584**	**22,102,499**
	1,495,687,957	**1,301,577,665**	**1,310,743,076**

Jan 1 to March 31	2026	2025	2024
FRANCHISE INCOME			9,076,071
ROYALTY FEE	**23,546,064**	15,368,165	13,157,501
	23,546,064	**15,368,165**	**22,233,572**

The Group's revenue includes royalty income received from franchisees amounted to ₱23,546,064, ₱15,368,165, ₱22,233,572 in Jan 1 to March 31, 2026, 2025 and 2024, respectively, as disclosed in Note 25.

22. DIRECT COSTS

The following is an analysis of the Group's direct costs:

		2026		2025		2024
Inventories, Jan 1 (Note 10)	₱	**442,034,253**	₱	**488,357,953**	₱	**283,958,309**
Purchases		**489,030,274**		**425,392,891**		**506,573,792**
Inventories, Mar 31 (Note 10)		**443,023,924**		**488,340,294**		**295,459,250**
Cost of materials used		**488,040,603**		**425,410,550**		**495,072,851**
Direct labor (Note 24)		**192,579,504**		**160,993,052**		**157,096,986**
Overhead		**141,045,593**		**134,364,079**		**65,198,294**
	₱	**821,665,701**	₱	**720,767,681**	₱	**717,368,131**

Details of the overhead is as follows:

	2026	2025	2024
Store and kitchen supplies	₱ **19,808,245**	₱ **19,003,724**	₱ **8,853,090**
Communication, light and water	**30,827,519**	**29,617,843**	**15,009,573**
Security services	**11,209,450**	**11,092,414**	**4,897,535**
Taxes and licenses	**11,503,545**	**11,092,834**	**6,024,953**
Repairs and maintenance	**7,604,255**	**7,003,234**	**3,209,535**
Wastages and spoilage	**6,535,305**	**6,509,533**	**3,290,442**
Professional fees	**4,203,525**	**4,004,244**	**1,894,424**
Depreciation (Notes 12 & 13)	**8,502,942**	**7,291,442**	**3,804,252**
Representation and entertainment	**919,424**	**900,244**	**394,242**
Association Dues	**867,225**	**842,042**	**402,323**
Rentals (Note 27)	**38,075,089**	**36,025,255**	**17,150,394**
Others	**989,069**	**981,270**	**267,531**
	₱ **141,045,593**	₱ **134,364,079**	₱ **65,198,294**

23. OPERATING EXPENSES

This account is composed of the following expenses:

Jan 1 to Mar 31	2026	2025	2024
Advertisement and promotion	P 198,370,387	P 176,751,248	P 191,657,403
Depreciation (Note 12)	125,846,364	100,487,890	109,073,853
Commission	101,793,652	85,540,884	86,053,535
Short-term employee benefits (Note 25)	5,024,525	3,102,397	17,409,562
Transportation and travel	28,014,632	20,437,847	15,430,953
Communication, light and water	16,025,354	14,517,701	5,794,353

Taxes and licenses		6,104,435		5,071,213		4,892,420
Rentals (Note 27)		5,602,563		5,304,593		5,842,524
Representation and entertainment		6,502,256		5,380,030		3,592,420
Professional fees		4,292,525		3,792,882		2,411,345
Amortization (Note 13)		3,301,456		2,093,445		2,093,424
Management fees		7,200,626		6,863,506		1,785,325
Security services		1,092,421		1,036,204		1,009,424
Retirement benefits (Note 25)		1,093,636		1,066,304		904,284
Supplies		403,553		368,884		589,322
Repairs and maintenance		530,456		522,043		504,243
Insurance		190,024		187,244		150,354
Others		302,456		290,176		254,924
	₱	**511,691,321**	**₱**	**432,814,490**	**₱**	**449,449,668**

24. EMPLOYEE BENEFITS

Aggregate employee benefits expense, as disclosed in Notes 23 and 24, is comprised of:

Jan 1 to Mar 31		**2026**		**2025**		**2024**
Short-term employee benefits (Note 25.01)	**₱**	**197,604,029**	**₱**	**164,095,449**	**₱**	**174,506,548**
Retirement Benefits (Note 25.02)		**1,093,636**		**1,066,304**		**904,284**
	₱	**198,697,665**	**₱**	**165,161,753**	**₱**	**175,410,832**

24.01 Short-term Employee Benefits

An analysis of the Company's short-term employee benefits as disclosed in Notes 23 and 24 is as follows:

Jan 1 to Mar 31		2026		2025		2024
Salaries and wages	₱	152,731,760	₱	124,784,062	₱	132,598,540
SSS, PhilHealth and HDMF contributions		25,653,630		24,491,656		25,948,535
Other employee benefits		19,218,640		14,819,731		15,959,473
	₱	197,604,029	₱	164,095,449	₱	174,506,548

Allocation of short-term employee benefits is as follows:

Jan 1 to Mar 31		2026		2025		2024
Cost of sales (Note 23)	₱	192,579,504	₱	160,993,052	₱	157,096,986
Operating expenses (Note 24)		5,024,525		3,102,397		17,409,562
	₱	197,604,029	₱	164,095,449	₱	174,506,548

24.02 Post-employment Benefits

24.02.01 Defined Benefit Plan

The Group has a single retirement plan under the regulatory framework of the Philippines. Under R.A. No. 7641, the Group is legally obliged to provide a minimum retirement pay for qualified employees upon retirement. The framework, however, does not have a minimum funding requirement. The Group's benefit plan is aligned with this framework.

Under the unfunded plan, the employees are entitled to retirement benefits equivalent to 22.5 days per year of credited service in accordance with R.A. No. 7641 on attainment of a retirement age of sixty (60) years with at least five (5) years of service. The payments for the funded benefits are borne by the Group as it falls due.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out on October 28, 2024 by Miravite Consulting Group, Inc. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations are as follows:

Jan 1 to Mar 31	2026	2025	2024
Discount rate	**7.20%**	**7.20%**	**7.20%**
Expected rate of salary increase	**5.00%**	**5.00%**	**5.00%**

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age sixty (60).

Jan 1 to Mar 31	2026	2025	2024
Retiring after the reporting period			
Male and Female	**14**	**14**	**14**

The sensitivity analysis of the defined benefit obligation on changes in the weighted principal assumption is as follows:

Impact on Defined Benefit Obligation			
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2025			
Discount rate	**+/-1.00%**	**6.00%**	**4.00%**
Salary increase rate	**+/-1.00%**	**5.00%**	**5.00%**
March 31, 2026			
Discount rate	+/-1.00%	3.60%	4.34%
Salary increase rate	+/-1.00%	8.41%	7.79%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the statements of financial position.

Assumed life expectancy is not applicable because under the Group's retirement plan, benefits are paid in full in a lump sum upon retirement or separation of an employee.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Amounts recognized in consolidated profit or loss in respect of these defined benefit plans are as follows:

March 31,	2026	2025	2024
Current service cost	**635,024**	₱ **620,648**	₱ **689,684**
Interest on the retirement benefit obligation	**150,935**	**445,656**	**214,600**
	785,959	₱ **1,066,304**	₱ **904,284**

Reconciliation of remeasurements recognized in consolidated other comprehensive income is as follows:

	Change on financial assumption	Experience adjustment	Total	Income tax	Net
Gain (loss) Balance at June 30, 2023	₱ **4,275,425**	₱ **(858,957)**	₱ **3,416,468**	₱ **(927,066)**	₱ **2,489,402**
Amount recognized during the year	1,767,589	(12,553,375)	(10,785,786)	2,696,447	**(8,089,339)**
Gain (loss) Balance at June 30, 2024	**6,042,014**	**(13,412,332)**	**(7,369,318)**	**1,769,381**	**(5,599,937)**
Amount recognized during the year	-	-	-	-	-
Gain (loss) Balance at June 30, 2025	₱ **6,042,014**	₱ **(13,412,332**	P **(7,369,318)**	₱ **1,769,381**	P **(5,599,937)**

Movements in the present value of the defined benefit obligation in the current period are as follows:

	2025	2024	2023
Balance, Oct 1	₱ **16,096,518**	₱ **14,093,453**	₱ 23,094,734
Current service cost	**635,024**	**620,648**	689,884
Interest expense	**150,935**	**147,046**	184,681
Actuarial gain	- **773,013**	- **767,694**	**1,129,269**
Dec 31, 2025	₱ **16,109,464**	₱ **14,093,453**	₱ 25,098,568

The Group operates an unfunded defined benefit plan wherein benefit payments are borne by the Group. Thus, the Group maintains appropriate level of liquidity to meet currently maturing defined benefit obligations and has established a level of solvency ratio aimed to pay for long term defined benefit obligations.

25. FRANCHISE AGREEMENTS

25.01 The Group as a Franchisor

The Group has granted its franchisees the right to use the information and materials pertaining to the restaurant system being franchised under the terms and conditions specified in the franchise agreements. The agreements provide for an initial franchise fee payable upon the execution of the agreement and monthly royalty fees based on gross sales.

The royalty and franchise income received from franchisees amounted to ₱23,546,064, ₱15,368,165, ₱22,233,572 in January 1 to March 31 2026, 2025 and 2024, respectively, as disclosed in note 21.

Jan 1 to March 31	2026	2025	2024
FRANCHISE INCOME			9,076,071
ROYALTY FEE	**23,546,064**	15,368,165	13,157,501
	23,546,064	**15,368,165**	**22,233,572**

26. LEASE AGREEMENT

26.01 The Group as a Lessee

The Group has leases for the use of store spaces with lease terms of three (3) to five (5) years. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

All leases have extension option but are not enforceable because it requires mutual agreement of both parties as disclosed in Note 5.01.08.

Right-of-use assets recognized as of December 31, 2025 and 2024 amounted to ₱296,350,636 and ₱317,493,453, respectively, while lease liabilities amounted to ₱191,033,258 and ₱207,041,891, respectively.

26.01.01 Lease payments not recognized as a liability

Short-term lease relates to lease contracts for stores spaces with a term of one (1) year and renewable upon mutual agreement of both parties.

The Group has elected not to recognize a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

27. INCOME TAXES

27.01 Income Tax Recognized in Profit or Loss

Components of income tax expense are as follows:

	2026	2025	2024
Current tax expense	₱ 19,271,209	₱ 29,299,402	₱ 34,840,908
Deferred taxbenefit	-648,866	-14,649,701	30,188,517
	₱ 18,622,343	₱ 14,649,701	₱ 65,029,425

28. DEFERRED TAX ASSETS

The Group's deferred tax assets and the respective movement is as follows:

	Retirement benefit obligation	Right-of-use asset and Lease liabilities	Total
Balance, December 31, 2023	₱ 5,300,956	₱ 197,817	₱ **5,498,773**
Recognized in profit or loss	175,005	173,587	**348,592**

Balance, March 31, 2024	**₱**	**5,475,961**	**₱**	**371,404**	**₱**	**5,847,365**
Recognized in profit or loss		445,926		-649,590		**-203,664**
Recognized in other comprehensive income		-594,179		-		**-594,179**
Balance, March 31, 2025	**₱**	**5,327,708**	**₱**	**-278,186**	**₱**	**5,049,522**
Recognized in profit or loss		1,330,197		1,134,826		**2,465,023**
Recognized in other comprehensive income		885,445		902,434		**1,787,879**
Balance, March 31, 2026	**₱**	**7,543,350**	**₱**	**1,759,074**	**₱**	**9,302,424**

29. BASIC EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Jan 1 to March 31	2026		2025		2024
a. Net income (loss) from operations/ attributable to ordinary equity holders of the Group for earnings	105,526,610	**₱**	**102,547,906**	**₱**	104,522,725
b. Weighted average number of ordinary shares for the purposes of earnings per share	5,468,455,298		**5,468,455,298**		5,468,455,298
c. Earnings per share (a/b)	0.02		**0.02**		0.02

The weighted average number of ordinary shares for the years 2025, 2024 and 2023 used for the purposes of basic earnings per share were computed as follows:

	Number of Ordinary Shares	Proportion to Period	Weighted Average	Total
March 31, 2026				
Outstanding shares at the beginning of the period	**5,468,455,298**	**3 / 12**	1,367,113,825	1,367,113,825
Outstanding shares at the end of the period	**5,468,455,298**	**9 / 12**	4,101,341,474	4,101,341,474
				5,468,455,298
March 31, 2025				
Outstanding shares at the beginning of the period	**5,468,455,298**	**3 / 12**	1,367,113,825	1,367,113,825

Outstanding shares at the end of the period	**5,468,455,298**	**9 / 12**	4,101,341,474	4,101,341,474
				5,468,455,298

30. FAIR VALUE MEASUREMENTS

30.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Group's financial assets and financial liabilities as of December 31, 2025 and 2024 are presented below:

	2026		2025	
March 31,	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial Assets:				
Cash	₱ **450,254,579**	₱ **450,254,579**	₱ 542,405,243	₱ 542,405,243
Trade receivables	**201,903,453**	**201,903,453**	199,182,340	199,182,340
Other non-current assets	**50,992,525**	**50,992,525**	45,204,924	45,204,924
	₱ **703,150,557**	**703,150,557**	₱ 786,792,507	₱ 786,792,507
Financial Liabilities:				
Trade and other payables	₱ **402,191,069**	₱ **402,191,069**	₱ 407,691,323	₱ 407,691,323
Loans payable	**1,626,666,167**	**1,626,666,167**	1,796,953,027	1,796,953,027
Lease liabilities	**190,233,821**	**190,233,821**	185,806,960	185,806,960
	₱ **2,219,091,057**	₱ **2,219,091,057**	₱ 2,390,451,310	₱ 2,390,451,310

The fair values of financial assets and financial liabilities are determined as follows:

- Due to the short-term nature of cash, trade receivable, due from related parties, and trade and other payables (except customer deposits and due to government agencies) and due to related parties, their carrying amounts approximate their fair values.
- Other non-current assets having a long-term nature are carried at amortized cost. Management believes that fair value approximates amortized cost.
- Loans payable and lease liabilities bear market interest rates; hence, Management believes that carrying amounts approximate their fair values.
- Lease liabilities bear incremental borrowing rate; hence, Management believes that carrying amounts approximate their fair values.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, including interest rate risk, credit risk and liquidity risk.

31.01 Market Risk Management

31.01.01 Interest Rate Risk Management

The Group's exposure to interest rate risk arises from its cash deposits in banks and loans payable which are subject to variable interest rates.

The interest rate risks arising from deposits with banks and loans payable are managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

Profits for the nine (9) day ended would have been unaffected since the Group has no borrowings at variable rates and interest rate risk exposure for its cash in banks, which is subject to variable rate, is very immaterial.

31.02 Credit Risk Management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from cash in banks, trade receivables, advances to stockholders and refundable deposits, all measured at amortized cost.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of risk management. The Group uses other publicly available financial information and its own records to rate its counterparties. Credit ratings of counterparties are continuously monitored by the Management.

The Group considers the following policies to manage its credit risk:

- *Banks*

  The Group transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Group uses other publicly available information such as annual report to monitor the financial status of the banks. The Group assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to banks.

- *Trade receivables*

  On the credit exposures to customers, Management assesses the credit quality of the customers, taking into account its financial position, past experience and other factors.

Financial assets measured at amortized cost are as follows:

Mar-31		**2026**		2025
Financial Assets:				
Cash in banks	₱	**436,353,154**	₱	542,405,243
Trade receivables		**201,903,453**		199,182,340
Other non-current assets		**50,992,525**		45,204,924
	₱	**689,249,132**	₱	786,792,507

The calculation of allowance for expected credit losses are based on the following three (3) components:

- Probability of Default (PD)

  PD is the likelihood over a specified period, usually 360 days for customers and one year for service providers that they will not be able to make scheduled repayments. PD depends not only on the counterpart's characteristics, but, also on the economic environment. PD may be estimated using historical data and statistical techniques.

- Loss Given Default (LGD)

  LGD is the amount of money a Group loses when a customer defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

- Exposure at default (EAD)

  EAD is the total value a Group is exposed to when a loan defaults. It refers to the carrying amount of financial asset.

Below is the summary of computation of allowance for expected credit losses:

	March 31, 2026					
	PD rate	**LGD rate**		**EAD**		**ECL**
	a	**B**		**c**		**d=a*b*c**
Cash in banks	**0.00%**	0.00% to 98.75%	₱	**436,353,154**	₱	**-**
Trade receivables	**0.00%**	100.00%		**201,903,453**	-	**-**
Other non-current assets	**0.00%**	100.00%		**50,992,525**	-	**-**
			₱	**689,249,132**	₱	**-**

	March 31, 2025					
	PD rate	LGD rate		EAD		ECL
	a	b		c		d=a*b*c
Cash in banks	0.00%	0.00% to 99.89%	₱	**517,375,748**	₱	-
Trade receivables	0.00%	100.00%		**199,182,340**	-	-
Other non-current assets	0.00%	100.00%		**45,204,924**	-	-
			₱	**761,763,012**	₱	-

Cash in banks

The Group determined the probability of default rate by considering the following: the credit ratings; the past, current, and forecast performance of Banking Industry; the past, current, and forecast macro-economic factors that may affect the banks; and the current and projected financial information. The Group estimated the probability of default to be nil.

Loss given default rate is calculated by taking into consideration the amount of insured deposit and estimated it to be 0.00% to 98.75% and 0.00% to 99.89% as of March 31, 2026 and 2025, respectively.

Exposure at default is equal to the gross carrying amount of cash in banks.

Trade receivables

The Group determined the probability of default rate by considering the credit ratings, credit history or payment profiles of customers and forecast of macro-economic factors affecting the industry. Historically, no significant amount of receivables from customers remains uncollected after 360 days past due and with the projected demands of the Group's products by consumers, the impact of forecast, macro-economic factors is very insignificant, hence, the probability of default was estimated to be 0.00% in both years.

In both years, loss given default rate is 100% because the Group expects to lose the whole amount in case of default. There are no collateral or credit enhancements attached to the receivables.

Exposure at default is equal to the gross carrying amount of trade receivables.

Due from related parties

The Group determined the probability of default rate by considering the credit ratings, credit history and forecast of macro-economic factors affecting the stockholders. The PD rate is estimated to be nil.

In 2025 and 2024, loss given default rate is 100% because the Group expects to lose the whole amount in case of default.

Exposure at default is equal to the gross carrying amount of due from related parties.

Other non-current assets

This financial asset represents less than 7.96% and 5.21% of the total financial assets as of March 31, 2026 and 2025, respectively. Hence, Management believes that the effect of provision for expected credit loss is immaterial to the financial statements as a whole.

In both years, the amount of expected credit loss for other non-current assets is nil.

31.03 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted Average Interest Rate	On Demand	Within one (1) Year	One (1) – Five (5) Years	Total
March 31, 2026					
Trade payables	**-**	**₱ -**	**₱ 402,191,069**	**₱ -**	**₱ 402,191,069**
Loans payable	**5.50%**	**-**	**646,666,167**	**980,000,000**	**1,626,666,167**
Lease liabilities	**2.3% to 6%**	**-**	**3,029,563**	**187,204,258**	**190,233,821**
		₱ -	**₱ 1,051,886,799**	**₱ 1,167,204,258**	**₱ 2,219,091,057**
March 31, 2025					
Trade payables	-	₱ -	₱ 407,691,323	₱ -	₱ 407,691,323
Loans payable	5.50%	-	816,953,027	980,000,000	1,796,953,027
Lease liabilities	2.3% to 3.02%	-	10,982,424	174,824,536	185,806,960
		₱ -	₱ 1,235,626,774	₱ 1,154,824,536	₱ 2,390,451,310

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis

	Weighted Average Effective Interest Rate	On Demand	Within One (1) Year	Over Five (5) Years	Total
March 31, 2026					
Cash on hand	**-**	**₱ 13,901,425**	**₱ -**	**₱ -**	**₱ 13,901,425**
Cash in banks	**Floating rate**	**436,353,154**	**-**	**-**	**436,353,154**
Trade receivables	-	**-**	**201,903,453**	**-**	**201,903,453**
Other non-current assets	-	**-**	**-**	**50,992,525**	**50,992,525**
		₱ 450,254,579	**₱ 201,903,453**	**₱ 50,992,525**	**₱ 703,150,557**
March 31, 2025					
Cash on hand	-	₱ 25,029,495	₱ -	₱ -	₱ 25,029,495
Cash in banks	Floating rate	517,375,748	-	-	517,375,748
Trade receivables	-	-	199,182,340	-	199,182,340
Other non-current assets	-	-	-	45,204,924	45,204,924
		₱ 542,405,243	**₱ 199,182,340**	**₱ 45,204,924**	**₱ 786,792,507**

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (trade and other payables, advances from stockholders, loans payable, income tax payable and retirement benefit obligation) and equity of the Group (comprising capital stock, remeasurements, and retained earnings).

Pursuant to Section 42 of Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus profits in excess of one hundred (100%) percent of their paid-in capital stock, except: (1) when justified by definite corporate expansion projects or programs approved by the Board of Directors; or (2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or (3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies.

Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the statement of financial position. The Group has a target gearing ratio of 1:1 determined as the proportion of net debt to equity.

The gearing ratio at end of the reporting period is as follows:

March 31,	2026	2025	2024
Debt	₱ 2,237,043,310	₱ 2,419,193,435	₱ 1,258,485,032
Cash	450,254,579	542,405,243	319,605,832
Net debt	1,786,788,731	1,876,788,192	938,879,200
Equity	3,923,957,761	3,370,752,938	2,943,415,059
Net debt to equity ratio	0.46:1	0.56:1	0.32:1

Debt is defined as all liabilities while equity includes capital stock, remeasurements and retained earnings.

33. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 14, 2026.

Management's Discussion and Analysis of Financial Condition and Results of Operations.

Key Performance Indicators (KPIs)

	Unaudited Twelve Months Ended March 31, 2026	**Audited Twelve Months Ended June 30, 2025**
Debt to Equity ratio	0.41:1	0.43:1
Net Debt to Equity ratio	0.30:1	0.33:1
Asset to Equity ratio	1.57:1	1.59:1
Return on Equity	17%	18%
Current Ratio	1.25:1	1.30:1

Notes:

1 Debt to Equity ratio = Bank Debts / Total Equity
2 Net Debt to Equity ratio = Bank Debts less Cash and Cash Equivalents / Total Equity
3 Asset to Equity ratio = Total Assets / Total Equity
4 Return on Equity = Net Income / Total Equity
5 Current Ratio = Total Current Assets / Total Current Liabilities

Results of Operations

In Million Php	**Three Months Ending March 31, 2026**	**Three Months Ending March 31, 2025**	**Change%**
Systemwide Sales	1,459.43	1,302.71	12%
Net Revenues	1,495.69	1,301.57	15%
Cost of Sales	821.67	720.77	14%
Gross Profit	674.02	580.81	16%
Operating Expense	549.87	463.61	19%
NIBT	124.15	117.2	6%
Income Tax	18.62	14.6	28%
NIAT	105.53	102.6	3%

Profitability

Systemwide Sales for the first 3 months, from Jan 1 to March 31, 2026, increased by 12% versus same period of last year, primarily driven by the increased in the aggregators sales by 16% versus of Jan 1 to Mar 31, 2025. The same store sales were maintained from last years sales same periods despite the worsening economy brought about by the industrywide declining sales as affected by the global crises from US-IRAN war. However, it was cushioned by the 8 new stores that opened during the quarter bring the total number of stores to 239 by the end of March 31, 2026. Likewise, FCG consolidated revenues improved by 15% from P1.301B to P1.495B versus same period revenues from last year.

However, gross profit have improved by 0.04% points, primarily because of the 16% increase in volume from aggregators sales, providing higher margin but lower cogs from lower utilization of direct labor costs, wherein Food Panda sales contributions increased by 48% from last years same periods. Operating costs however increased by 19% brought about by the service commissions and the promotional costs increase during the period.

However, the Net Income after tax reduced by 0.8% points margin to 7% from 7.8% as a result of increasing overhead costs resulting from increasing capacities as a result of opening of new stores.

Financial Conditions and Liquidity

Cash and Cash Equivalents as of March 31, 2026, stood at P450M, 36% increase versus the audited cash balance as of June 30, 2025 of P331M. Cashflow from operations during the period provided a net inflow of P113.3M, as a result of the P124M in Net Income provided by the quarter ending March 31, 2026. While the investing activities provided a net outflow of P105M resulting from the increase in CAPEX for PPE for opening 8 new stores in the last 3 months. Meanwhile, financing activities provided a net cash outflow of P15M, from the net payment of interest and proceeds of loans to fund the store expansion during the period.

Current ratio however were maintained within the target of 1.25 times is to 1 from 1.30 times is to 1 as of March 31, 2026 versus the June 30, 2025.

Likewise, Debt-to-equity ratio were maintained at a manageable level, which decreased from 0.43 to 0.41 is to 1 as of March 31, 2026 as a result also of new long-term loan funding our store opening during the period. However, such slight decline in liquidity ratio will translate into a more favorable profitability for the company in the long run as we leverage to improve the profit margin. All these liquidity ratios of FCG are well above and better as compared to its peers in the industry.

Total Asset to Equity ratio were maintained to 1.57 times as of March 31, 2026 versus 1.59 times as of June 30, 2025.

AR 2025

FCG Q3 2026 March 31

Aging of Receivables March 31, 2026

	0-7 days	8-15 days	16-30 Days	31-60 days	61-90 days	91-120 days	over 120 days	TOTAL
Franchise And ISD Accts	33,925,366	44,025,256	46,008,406	22,192,338	18,354,396	7,091,345	8,242,652	179,839,759
Others	4,038,635	3,984,536	8,002,436	3,902,525	1,002,945	902,425	230,192	22,063,694
TOTAL	37,964,001	48,009,792	54,010,842	26,094,863	19,357,341	7,993,770	8,472,844	201,903,453

Annex E-2

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: November 05, 2025 08:35:57 PM

Company Information

SEC Registration No.: CS201811119
Company Name: FIGARO CULINARY GROUP, INC.
Industry Classification: I56101
Company Type: Stock Corporation

Document Information

Document ID: OST11105202583809608
Document Type: Financial Statement
Document Code: FS
Period Covered: June 30, 2025
Submission Type: Consolidated
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	8	1	1	1	1	9

COMPANY NAME

FIGARO CULINARY GROUP, INC.

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

116 EAST MAIN AVENUE PHASE V-
SEZ LAGUNA TECHNOPARK BIÑAN
LAGUNA 4304

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	SEC	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
	1ST WED OF DECEMBER	JUNE 30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
SIGRID VON D. DE JESUS	sigs_dm@yahoo.com		0917-8832172

CONTACT PERSON's ADDRESS

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

Figaro Culinary Group

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **FIGARO CULINARY GROUP, INC. AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements including its schedules attached therein, as at June 30, 2025 and 2024 and each for the three years in the period ended June 30, 2025, in accordance with the Philippine Financial Reporting Standards (PFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's consolidated financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

DE JESUS & TEOFILO, CPAs, and **R.S BERNALDO & ASSOCIATES**, the independent auditors appointed by the stockholders as at June 30, 2025 and 2024, respectively, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

JUSTIN T. LIU
Chairman of the Board

DIVINA GRACIA G. CABULOY
President/ Chief Executive Officer

JOSE PETRONIO VICENTE D. ESPAÑOL III
Treasurer/Chief Finance Officer

SUBSCRIBED AND SWORN to before me this NOV 0 5 2025 at Mandaluyong City
Affiant exhibits to me her/his _____
with No. _____ as strong proof of her/his identity.

ATTY. JAMES K. ABUGAN
Notary Public
APPT. NO. 0442-25 Until 12-31, 2026
IBP No. 461986 Nov.12, 2024 Rizal Chapter
Roll No. 26890 Lifetime
MCLE No. VIII-0022918 until 4/14/2028
TIN No. 116-239-956
PTR No. 5712001 01/03/2025
Rm. 314 J&L Bldg., 251 EDSA.
Mandaluyong City Tel. No. (02)854-523-21

DOC. NO: 408
PAGE NO: 87
BOOK NO: 58
SERIES OF 2025

DE JESUS & TEOFILO, CPAs
Unit 1411, Cityland Herrera Tower, 98 V.A. Rufino Ave., Makati City

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
116 E. Main Avenue, Phase V. SEZ Laguna Technopark
Binan, Laguna

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements **FIGARO CULINARY GROUP, INC. AND SUBSIDIARY** (the "Group"), which comprise the consolidated statement of financial position as at June 30, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at June 30, 2025, and its consolidated financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of **FIGARO CULINARY GROUP, INC. AND SUBSIDIARY** for the year ended June 30, 2024, were audited by another auditor whose report dated November 13, 2024 expressed an unqualified opinion on those statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a consolidated opinion on these matters, if any.

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

DE JESUS & TEOFILO, CPAs

ROMEO A. DE JESUS JR.
CPA Certificate No. 86071
BOA Accreditation No. 9953/P-002
Valid from May 25, 2025 to August 14, 2027
BIR Accreditation No. 08-007679-006-2024
Valid from March 15, 2024 until March 14, 2027
Tax Identification No. 109-227-897-000
PTR No. 10480595
Issued on January 13, 2025 at Makati City

November 5, 2025

DE JESUS & TEOFILO, CPAs
Unit 1411, Cityland Herrera Tower, 98 V.A. Rufino Ave., Makati City

REPORT ON THE INDEX AND SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
116 E. Main Avenue, Phase V. SEZ Laguna Technopark
Binan, Laguna

We have issued our report dated November 5, 2025 on the basic consolidated financial statements of **FIGARO CULINARY GROUP, INC. AND SUBSIDIARY** as of and for the year June 30, 2025. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of **FIGARO CULINARY GROUP, INC. AND SUBSIDIARY** taken as a whole. The information in the index to the consolidated financial statements and the supplementary schedules as of and for the year June 30, 2025, which are not required parts of the consolidated financial statements, are required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **FIGARO CULINARY GROUP, INC. AND SUBSIDIARY**. The information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

DE JESUS & TEOFILO, CPAs

ROMEO A. DE JESUS JR.
CPA Certificate No. 86071
BOA Accreditation No. 9953/P-002
Valid from May 25, 2025 to August 14, 2027
BIR Accreditation No. 08-007679-006-2024
Valid from March 15, 2024 until March 14, 2027
Tax Identification No. 109-227-897-000
PTR No. 10480595
Issued on January 13, 2025 at Makati City

November 5, 2025

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2025
(With Comparative Audited Figures as of June 30, 2024)
(In Philippine Peso)

	NOTES	**2025**	2024
A S S E T S			
Current Assets			
Cash	7	**331,302,750**	374,934,405
Trade and other receivable	8	**199,942,530**	164,034,685
Inventories	9	**436,935,354**	430,658,720
Due from related parties	18	**-**	120,000,000
Prepayments and other current assets	10	**212,063,635**	159,419,315
		1,180,244,269	1,249,047,125
Non-current Assets			
Property and equipment – net	11	**3,890,245,353**	2,527,094,634
Intangible assets – net	12	**252,942,435**	239,765,356
Right-of-use assets – net	13	**317,924,519**	291,026,459
Other non-current assets	14	**45,029,456**	36,212,610
Deferred tax assets	28	**3,807,085**	3,242,137
		4,509,948,848	3,097,341,196
TOTAL ASSETS		**5,690,193,117**	4,346,388,321
LIABILITIES AND STOCKHOLDERS' EQUITY			
L I A B I L I T I E S			
Current Liabilities			
Trade and other payables	15	**370,818,426**	382,600,207
Loans payable	16	**540,984,320**	550,435,689
Lease liabilities	17	**63,857,836**	70,997,346
Income tax payable		**-**	42,622,411
		975,660,582	1,046,655,653
Non-current Liabilities			
Lease liabilities – net of current portion	17	**146,189,635**	195,574,427
Loans payable- net of current	16	**980,000,000**	-
Retirement benefits obligation	24	**16,096,518**	13,836,726
		1,142,286,153	209,411,153
TOTAL LIABILITIES		**2,117,946,735**	1,256,066,806
S T O C K H O L D E R S ' E Q U I T Y			
Capital Stock	19	**589,345,528**	589,345,528
Additional Paid-in Capital	19	**1,403,308,680**	1,403,308,680
Retained Earnings		**1,573,992,237**	1,092,067,370
Remeasurements – net	24	**5,599,937**	5,599,937
TOTAL STOCKHOLDERS' EQUITY		**3,572,246,382**	3,090,321,515
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**5,690,193,117**	4,346,388,321

(See Notes to Consolidated Financial Statements)

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Year Ended June 30, 2025
(With Comparative Audited Figures as of June 30, 2024 and 2023)
(In Philippine Peso)

	NOTES	**2025**	2024	2023
REVENUES	21	**5,671,444,081**	5,447,082,212	4,284,080,714
DIRECT COSTS	22	**3,139,146,586**	2,945,259,454	2,347,990,423
GROSS PROFIT		**2,532,297,495**	2,501,822,758	1,936,090,291
OTHER INCOME		**31,940,510**	26,264,296	39,479,710
OPERATING EXPENSES	23	**1,787,035,165**	1,814,246,505	1,357,006,132
FINANCE COST	16,17	**105,194,627**	43,011,669	1,817,310
PROFIT BEFORE TAX		**672,008,212**	670,828,880	616,746,559
INCOME TAXES	27	**42,435,052**	42,418,747	154,186,640
PROFIT		**629,573,160**	628,410,133	462,559,919
OTHER COMPREHENSIVE LOSS				
ITEM THAT WILL NOT BE RECLASSIFIED				
SUBSEQUENTLY TO PROFIT OR LOSS:				
REMEASUREMENT LOSS	25	**-**	10,785,786	-
INCOME TAX RELATING TO				
OTHER COMPREHENSIVE LOSS	25	**-**	(26,969,447)	-
		-	(16,183,661)	-
TOTAL COMPREHENSIVE INCOME		**629,573,160**	612,226,472	462,559,919
EARNINGS PER SHARE				
Basic Earnings per Share	29	**0.12**	0.11	0.09

(See Notes to Consolidated Financial Statements)

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Year Ended June 30, 2025

(With Comparative Audited Figures as of June 30, 2024 and 2023)

(In Philippine Peso)

	Notes	Capital Stock	Additional Paid-in Capital	Retained Earnings	Remeasurement	Total
Balance at July 1, 2022		464,818,820	665,068,300	238,734,511	(2,489,402)	**1,366,132,229**
Loss				462,559,919	-	**462,559,919**
Dividend declaration				(89,988,900)		
Remeasurement loss						**-**
Issuance of shares	19	124,526,708	738,240,380	-		**862,767,088**
Balance at June 30, 2023	19	**589,345,528**	**1,403,308,680**	**611,305,530**	**(2,489,402)**	**2,601,470,336**
Profit				628,410,133		**628,410,133**
Dividend declaration				(147,648,293)		**(147,648,293)**
Remeasurement gain	24				8,089,339	**8,089,339**
Issuance of shares	19			-		**-**
Balance at June 30, 2024	19, 24	**589,345,528**	**1,403,308,680**	**1,092,067,370**	**5,599,937**	**3,090,321,515**
Profit				629,573,160		**629,573,160**
Dividend declaration				(147,648,293)		**(147,648,293)**
Balance at June 30, 2025	20,25	**589,345,528**	**1,403,308,680**	**1,573,992,237**	**5,599,937**	**3,572,246,382**

(See Notes to Consolidated Financial Statements)

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2025

(With Comparative Audited Figures as of June 30, 2024 and 2023)

(In Philippine Peso)

	NOTES	**2025**	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		**672,008,212**	670,828,880	616,746,559
Adjustments for:				
Depreciation	11,22,23	**528,311,708**	284,859,527	310,681,365
Amortization	12,23	**149,277,166**	116,855,819	5,839,409
Retirement benefits expense	24	**2,259,792**	2,718,667	2,683,409
Finance Costs	16,17	**105,194,627**	43,011,669	1,817,310
Finance Income		**-**	(26,264,296)	(39,479,710)
Operating cash flows before changes in working capital		**1,457,051,505**	1,092,010,266	898,288,342
Increase in operating assets:				
Short-term investment		**-**	895,000,000	(483,099,545)
Trade receivables		**(35,907,845)**	(14,612,614)	(76,055,349)
Inventories		**(6,276,634)**	(252,268,481)	(82,708,799)
Prepayment and other current assets		**(52,644,320)**	(17,907,085)	(4,732,202)
Other non-current assets		**(8,816,846)**	5,826,846	(20,915,686)
Increase in trade and other payables		**(11,781,781)**	(145,602,731)	191,398,065
Cash generated from operations		**1,341,624,079**	1,562,446,201	422,174,826
Income taxes paid		**(203,618,028)**	(154,767,631)	(137,486,278)
Net cash from operating activities		**1,138,006,051**	1,407,678,570	284,688,548
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income received		**-**	38,935,714	42,884,310
Advances collected from related parties	18	**120,000,000**	-	167,081,477
Additions to intangible assets	12	**(153,454,245)**	(263,982,336)	(94,675,188)
Additions to property and equipment	11	**(1,727,649,709)**	(1,532,293,297)	(912,137,514)
Net cash used in investing activities		**(1,761,103,954)**	(1,757,339,919)	(796,846,915)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of loan	16	**1,055,000,000**	1,050,000,000	10,000,000
Proceeds from issuance of capital stock		**-**	-	862,767,089
Finance costs paid	16,17	**(105,194,627)**	(43,011,669)	(1,817,310)
Payment of lease liabilities	17	**(138,239,463)**	(68,470,366)	(1,195,037)
Dividend declared and paid	19	**(147,648,293)**	(147,648,293)	(89,988,900)
Payments of loans	16	**(84,451,369)**	(529,564,311)	-
Net cash from financing activities		**579,466,248**	261,305,361	779,765,842
NET INCREASE (DECREASE) IN CASH		**(43,631,655)**	(88,355,988)	267,607,475
CASH AT BEGINNING OF YEAR		**374,934,405**	463,290,393	195,682,918
CASH AT END OF YEAR		**331,302,750**	374,934,405	463,290,393

(See Notes to Consolidated Financial Statements)

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025
(With Comparative Audited Figures in 2024 and 2023)

1. CORPORATE INFORMATION

Figaro Coffee Group, Inc. and Subsidiary (the "Group") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 6, 2018. The principal activities of the Parent Company are to process, manufacture, and package all kinds of food products; to establish, invest, develop, operate and maintain restaurants, coffee shops, and refreshment parlors; to serve, arrange and cater foods, drinks, refreshments and other food or commodities; to partner and/or collaborate with other players in the food industry for the management and operation of food establishments; to acquire, invest, organize, develop, promote, or otherwise undertake the management and operation of commercial franchises in the food industry; to provide facilities and commissaries and perform all other activities and services incidental thereto, necessary or desirable in relation thereto, and offer and sell to public such products, franchises, services other operation thereof, and to own shares in companies which are in furtherance of its purposes, and to guarantee for and in behalf of the Corporation obligations of other corporations or entities in which it has lawful interest in.

On March 31, 2021, the Parent Company's Board of Directors and Stockholders approved the following:

a. The Parent Company's change in registered office address from No. 33 Mayon St., Brgy. Malamig, Mandaluyong City, Metro Manila, Philippines to 116 E. Main Avenue, Phase V, SEZ Laguna Technopark, Binan, Laguna.

b. The Parent Company's change in reporting period from calendar year to fiscal year which shall begin on the first day of July and end on the last day of June.

The change in registered office address and reporting period was approved by SEC on June 23, 2021.

On October 22, 2021, the SEC approved the Company's application for amendment of its articles of incorporation to reflect the following primary purpose: invest in, purchase, or otherwise acquire and own, hold, use, sell assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been recognized and to pay thereof in money or by exchanging therefor stocks, bonds or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of the interest, dividends, and income arising from such property; and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including all voting powers of any stock so owned; to carry on, provide support and manage the general business of any corporation, company, association or joint venture; to exercise such powers, acts or functions as may be essential or necessary to carry out the purpose stated herein; and to guarantee for and in behalf of the Corporation obligations of other corporations or entities in which it has lawful interest in.

<u>The Parent Company</u>

On March 31, 2021, the Figaro Culinary Group Inc. (FCG) (the "Parent Company") Board of Directors and Stockholders approved: (a) the increase in authorized capital stock from ₱150,000,000 to ₱500,000,000; and (b) the stock split through the reduction of the par value of the shares of the Parent Company from ₱100.00 per share to ₱0.10 per share. SEC approved the Parent Company's application to increase authorized capital stock on June 23, 2021.

At incorporation, Camertheus Holdings, Inc. (CHI) subscribed to ₱37,500,000 worth of shares in the Parent Company. Out of such subscription, ₱9,375,000 had been paid by CHI at incorporation of the Parent Company. During the period, CHI fully paid its subscription receivable amounting to ₱28,125,000.

Camerton, Inc. (CI) subscribed to the following shares of the Parent Company:

a. In support of the application for increase in authorized capital stock, Camerton, Inc. (CI), on March 31, 2021, subscribed to 1,250,000,000 shares of the Parent Company for a total subscription price of ₱125,000,000. The subscribed shares were fully paid and issued on June 22, 2021.

b. On June 20, 2021, the board of the Parent Company approved the additional paid-in capital in the amount of ₱83,138,000 paid by CI into the Parent Company.

c. 1,250,000,000 shares with par value of ₱0.10 per share for a total subscription price of ₱228,800,000, or ₱0.18304 price per share. The said subscription resulted to an additional capital stock of ₱125,000,000 and an additional paid-in capital of ₱103,800,000 in the Parent Company; and

d. 350,000,000 shares of the Parent Company with par value of ₱0.10 per share for a total subscription price of ₱35,000,000.

As of June 30, 2021, the Parent Company is 88.37% owned by CI and 11.63% owned by CHI.

On September 16, 2021, the Securities and Exchange Commission approved the Group's increase in authorized capital stock to ₱660,000,000 divided into 6,600,000,000 shares with a par value of ₱0.10 per share.

As of June 30, 2021, the Group is in the process of compiling with the requirements to file Registration Statement with SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of all the issued and outstanding Shares of the Group and the Offer Shares.

On January 24, 2022, the Initial Public Offering (IPO) of Figaro Culinary Group Inc. *(formerly Figaro Coffee Group, Inc.)* and was listed in the Philippine Stock Exchange (PSE) under stock symbol "FCG." The Group issued 93,016,000 common shares for a total consideration of ₱69,762,000 or at ₱0.75 per share. This resulted to an additional issuance of capital stock of 1,423,182,003 with par value of ₱0.10 per share for a total of ₱142,318,200.

As of June 30, 2022, the outstanding capital of the Group is ₱464,818,700 (excluding the additional paid-in capital of ₱697,831,235 with 4,648,187,003 shares issued).

As of June 30, 2022, the Group is 69.94% owned by Camerton, Inc. and 8.07% owned by Carmetheus Holdings, Inc.

As of June 30, 2025 and 2024, the outstanding capital of the Group is ₱5,893,455,293 (excluding the additional paid-in capital of ₱1,403,308,680 with 589,345,529 shares issued).

As of June 30, 2025 and 2024, FCG is 53.05% owned by Camerton, Inc., 15% owned by Monde Nissin Corporation and 6.86% owned by Carmetheus Holdings, Inc.

On a regular meeting of the Board of Directors (BOD) of the Parent Company dated October 10, 2024, the BOD has approved the proposed amendment of the Parent Company's article of incorporation to change the corporate name from "Figaro Coffee Group, Inc." to "Figaro Culinary Group, Inc.". Stockholders' approval will be sought during the 2024 Annual Stockholders' Meeting scheduled on December 4, 2024.

The Subsidiary

The Parent Company's subsidiary is as follows:

Subsidiary	Principal Activities	Country of Incorporation	Functional Currency	Effective Percentage of Ownership
Figaro Coffee Systems Inc.	Food business including but not limited to operation of retail food stores and restaurants	Philippines	Philippine Peso	**100%**

On June 21, 2021, F Coffee Holdings Corporation, the 'Seller' agreed to sell and the Parent Company, the 'Buyer' agreed to buy, all the seller's rights, title and interests in 2,500 common shares with a par value of ₱50.00 per share or an aggregate par value of ₱125,000 in Figaro Coffee Systems Inc. (FCSI) for and in consideration of ₱1,851.0256 per share or a total purchase price of ₱4,627,564

On June 23, 2021, the Parent Company subscribed to 7,500 shares of FCSI with ₱50.00 par value per share at the subscription price of ₱27,751.73 per share for a total subscription price of ₱208,138,000. The said subscription resulted to an additional capital stock of ₱375,000 and additional paid-in capital of ₱207,763,000 in FCSI.

On June 27, 2021, the Parent Company subscribed additional 4,576,000 shares of FCSI at ₱50.00 par value resulting to capital stock of ₱228,800,000.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term "PFRS" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FSRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Group. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

2.01 New and Revised PFRSs Applied with No Material Effect on the Consolidated Financial Statements

The following new and revised PFRSs have been adopted in these consolidated financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments to PAS 1 are the following:

  - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
  - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments defer the effective date of the January 2020 Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements*

  The amendments introduce new disclosure requirements to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PAS 1, *Non-current Liabilities with Covenants*

  The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. Additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments clarify how a seller-lessee measures the lease liability arising in a sale and leaseback transacton in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

2.02 New and Revised PFRSs in Issue but Not Yet Effective

The Group will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, to have significant impact on the consolidated financial statements.

2.02.01 Standard Adopted by FSRSC and Approved by the Board of Accountancy (BOA)

- PFRS 17, *Insurance Contracts*

  PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

  PFRS 17 is effective for annual periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030. Early application is permitted for entities that apply PFRS 9 *Financial Instruments* and PFRS 15 *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

  The amendments cover the following areas:

  - Insurance acquisition cash flows for renewals outside the contract boundary;
  - Reinsurance contracts held—onerous underlying insurance contracts;
  - Reinsurance contracts held—underlying insurance contracts with direct participation features; and
  - Recognition of the contractual service margin in profit or loss in the general model.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030.

- Amendment to PFRS 17, *Initial Application of PFRS 17 and PFRS 9—Comparative Information*

  The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and Insurance contract liabilities, and therefore Improve the usefulness of comparative information for users of consolidated financial statements.

  PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030.

- Amendments to PAS 21, *Lack of Exchangeability*

  The amendments contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

  The amendments cover the following areas:

  - Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable if it can be exchanged for another currency through markets or mechanisms that establish enforceable rights and obligations without delay, while it is not exchangeable if an entity can only obtain a small amount of the other currency.
  - Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency isn't exchangeable at a measurement date, an entity estimates the spot exchange rate as the rate that would have applied in an orderly transaction.
  - Require the disclosure of additional information when a currency is not exchangeable - when a currency is not exchangeable, an entity discloses information to its financial statements, allowing users to assess its financial performance, position, and cash flows.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2025, with early application permitted.

- Amendments to PFRS 9 and PFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*

  The amendments cover the following areas:

  - Derecognition of a financial liability settled through electronic transfer – the amendments allow entities to discharge a financial liability settled in cash using an electronic payment system if specific criteria are met, and apply the derecognition option to all settlements made through the same system.
  - Classification of financial assets:
    - Contractual terms that are consistent with a basic lending arrangement – the amendments outline how entities can evaluate whether contractual cash flows of a financial asset align with a basic lending arrangement, illustrating this through examples of financial assets with or without principal and interest payments.
    - Assets with non-recourse features – the term 'non-recourse' is enhanced, defining a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
    - Contractually linked instruments – the amendments clarify that not all transactions with multiple debt instruments meet classification criteria, and that instruments in the underlying pool can include financial instruments not covered by classification requirements.
  - There are amendments in the required disclosure for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

  An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight.

- Annual Improvements to PFRS Accounting Standards - Volume 11

  The International Accounting Standards Board (IASB) has published proposed narrow-scope amendments to PFRS Accounting Standards and accompanying guidance as part of its periodic maintenance of the Accounting Standards.

  The proposed amendments included in the Exposure Draft *Annual Improvements to PFRS Accounting Standards—Volume 11* relate to:

  - PFRS 1 *First-time Adoption of International Financial Reporting Standards, Hedge Accounting by a First-Time Adopter* – the amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9 *Financial Instruments*.
  - PFRS 7 *Financial* Instruments*: Disclosures*
    - Gain or Loss on Derecognition – the amendment addresses a potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13 *Fair Value Measurement* was issued.

- Disclosure of Deferred Difference Between Fair Value and Transaction Price – the amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
- Introduction and Credit Risk Disclosures – the amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.

➢ PFRS 9 *Financial* Instruments

- Lessee derecognition of lease liabilities – the amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of PFRS 9.
- Transaction price – the amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of 'transaction price' in PFRS 15 *Revenue from Contracts with* Customers while term 'transaction price' is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.

➢ PFRS 10 *Consolidated Financial Statements, Determination of a 'de facto agent'* – the amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.

➢ PAS 7 *Statement of Cash Flows, Cost Method* – the amendment addresses a potential confusion in applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method' that is no longer defined in PFRS Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026 with earlier application permitted.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

PFRS 18 supersedes PAS 1 *Presentation and Disclosure in Financial Statements*. This new standard is a result of IASB's Primary Financial Statements project, which aimed at improving comparability and transparency of communication in financial statements.

While several sections from PAS 1 have been retained with minimal changes in wording, PFRS 18 introduces new requirements for the presentation and disclosures in financial statements.

The new requirements include:

➢ Improved comparability in the statement of profit or loss (income statement);

➢ Enhanced transparency of management-defined performance measures; and

➢ More useful grouping of information in the financial statements.

Retrospective application is required in both annual and interim financial statements. PFRS 18 is effective beginning on or after January 1, 2027, with early application permitted.

- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

  PFRS 19 allows eligible entities to provide reduced disclosures compared to the requirements in other PFRS accounting standards. Entities that elect PFRS 19 are still required to apply the recognition, measurement and presentation requirements of other PFRS accounting standards.

  An entity may elect to apply the PFRS 19 if at the end of reporting period:

  - It is a subsidiary as defined in PFRS 10 Consolidated Financial Statements;
  - It does not have public accountability; and
  - It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with PFRS accounting standards.

  An eligible entity (including an intermediate parent) can apply PFRS 19 in its consolidated, separate or individual financial statements. PFRS 19 is applicable for both annual and interim reporting.

  PFRS 19 is effective beginning on or after January 1, 2027, with early application permitted.

2.02.02 Deferred

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

  On January 13, 2016, the FSRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

3.01 Statements of Compliance

The consolidated financial statements have been prepared in conformity with PFRS and are under the historical cost convention, except for certain financial instruments that are carried either at fair value or at amortized cost and inventories carried at lower of cost or net realizable value.

3.02 Functional and Presentation Currency

Items included in the consolidated financial statements of the Group are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Group operates (the "functional currency").

The Group chose to present its consolidated financial statements using its functional currency.

3.03 Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary.

The consolidated financial statements incorporate the financial statements of the Parent Company and the entities controlled by the Parent Company (its subsidiary) up to June 30 each year. Control is achieved when the Parent Company has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date when control is transferred to the Parent Company and ceases to be consolidated from the date when control is transferred out of the Parent Company.

At acquisition, the assets and liabilities and the contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the profit and loss in the period of acquisition.

Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-group balances and transactions, including inter-group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All inter-group transactions, balances, income and expenses are eliminated during consolidation.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the Group's equity attributable to equity holders of the Parent Company.

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

Upon the loss of control, the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statements of financial position. The Group recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. The Group recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

3.04 Current and Non-current Presentation

The Group classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Group classifies all other assets as non-current.

The Group classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

4. MATERIAL ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Group in the preparation of its consolidated financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Segment Information

An operating segment is a component of the Group: (a) that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group; (b) whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and inter-segment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments, provided that; (b) the absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and (c) its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the consolidated financial statements.

The business of the Group is currently organized into two (2) geographical areas namely as National Capital Region and Provincial areas. These areas are the basis on which the Group reports its primary segment information.

4.02 Financial Assets

4.02.01 Initial Recognition and Measurement

The Group recognizes a financial asset in its consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Except for trade receivables that do not have a significant financing component, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Group measures trade receivables that do not have a significant financing component at their transaction price.

4.02.02 Classification

- Financial Asset at Amortized Cost

  A financial asset shall be measured at amortized cost if both of the following conditions are met:

  - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  The Group's financial assets measured at amortized cost include cash in banks, trade receivables, due from related parties and other non-current assets.

  a) Cash in Banks

  Cash in banks pertains to cash deposits held at call with bank that are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

  b) Trade Receivables and Due from related parties

  Trade receivables and due from related parties are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for expected credit losses of trade receivables and due from related parties are established based on individual assessment and available facts and circumstance, including, but not limited to historical loss experience and economic factors. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

  c) Other non-current assets

  Other non-current assets pertain to refundable deposits, construction bond and others. Refundable deposits pertain to amount given to the lessor as security for future repairs needed on the leased area. These are initially recorded at the amount of cash paid. Subsequently, this is measured at cost using the effective interest method, less any impairment.

The Group does not have financial assets measured at fair value either through profit and loss or through other comprehensive income in both years.

4.02.03 Reclassification

When, and only when, the Group changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with Note 4.03.02. If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. The Group shall not restate any previously recognized gains, losses (including impairment losses) or interest.

4.02.04 Effective Interest Method

Finance income is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

4.02.05 Impairment

The Group measures expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Group adopted the following approaches in accounting for impairment.

- General Approach

  The Group applies general approach to cash in banks, due from related parties and other non-current assets. At each reporting date, the Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Group measures the loss allowance equal to 12-month expected credit losses.

  The Group compares the risk of default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, that is available without undue cost or effort, to determine whether there is a significant increase in credit risk or not since initial recognition.

  The Group determines that there has been a significant increase in credit risk when there is a significant decline in the factors. The Group assumes that the credit risk on cash in banks has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

  The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

  The Group did not apply the 30 days past due rebuttable presumption because the Group determines that there have been no significant increases in credit risk even if collections are more than 30 days past due.

If the Group has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Group performs the assessment of significant increases in credit risk on an individual basis by considering information that is indicative of significant increases in credit risk.

The Group does not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not. Based on the Group's historical experience, customer is in default when it is already past due for 360 days and beyond.

The Group determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

➢ Simplified Approach

The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Group determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.02.06 Derecognition

The Group derecognizes a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

4.03 Prepayments and Other Current Assets

4.03.01 Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire through passage of time.

These are classified in the consolidated statements of financial position as current assets when the expenses are expected to be incurred within one (1) year or the group's normal operating cycle, whichever is longer. Otherwise, these are classified as other non-current assets.

4.03.02 Advances to Suppliers

Advances to suppliers represent payments for the goods to be delivered. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are reclassified to inventories upon transfer of ownership of the related goods.

4.03.03 Advances to Contractors

Advances to contractors represent payments for the services to be rendered. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expenses upon the receipt of the services.

4.04 Business Combination

The Group applies the standard on business combination under PFRS 3 as amended and adopted in 2009. The standard outlines the accounting when an acquirer obtains control of a business (e.g. acquisition or merger). Such business combinations are accounted for using the 'acquisition method", which generally requires assets acquired and liabilities assumed to be measured at their fair values at date of acquisition.

PFRS 3 seeks to enhance the relevance, reliability and comparability of information provided about business combinations (e.g. acquisition and mergers) and their effects. It sets out the principles on the recognition and measurement of acquired assets and liabilities, the determination of goodwill and the necessary disclosures.

In determining whether a transaction is a business combination, PFRS 3 provides additional guidance on determining whether a transaction meets the definition of a business combination and accounted for in accordance with its requirements. This guidance includes:

- Business combinations can occur in various ways such as by transferring cash, including liabilities, issuing equity instrument (or any combination thereof), or by not issuing consideration at all (i.e. by contract alone); and

- Business combinations can be structured in various ways to satisfy legal, taxation or other objectives, including one entity becoming a subsidiary of another, the transfer of net assets from one entity to another or to new entity;

The business combination must involve the acquisition of a business, which generally has three elements:

- Inputs – an economic resource (e.g., non-current assets, intellectual property) that creates outputs when one or more processes are applied to it;

- Process – a system standard, protocol, convention or rule that when applied to an input or inputs, creates outputs (e.g., strategic management, operational processes, resource management); and

- Output – the result of inputs and processes applied to those input.

4.04.01 Acquisition Method

In every acquisition of business, the Group determines the acquisition date, recognize and measures all identifiable assets acquired, the liabilities assumed and non-controlling interest (NCI, formerly called minority interest) in the acquiree, and determines if there is goodwill or gain from a bargain purchase if applicable.

The Group recognizes the acquisition date as the date on which the Group obtains control over the acquiree. Generally, this is the date on which the Group legally transfer the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the Group as the acquirer may obtain control on a date that is either earlier or later than the closing date depending on what was agreed upon with the acquiree.

In recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, the Group observes the definition of assets and liabilities in accordance with the Framework for the Preparation and Presentation of Financial Statements at the acquisition date. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.

On income taxes, the Group recognizes and measures a deferred tax asset or liability arising from the assets acquired and liabilities assumed in accordance with PAS 12 while the standard under PAS 19 is relied on for employee benefits.

The Group recognizes and measures goodwill in accordance with PFRS 3, as the difference between:

- Aggregate of (1) the value of the consideration transferred (generally at fair value), (2) the amount of any non-controlling interest in the acquiree, and (3) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and

- The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (measured in accordance with PFRS 3.

4.04.02 Common Control Business Combinations

A business combination is a "common control combination" if the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This means that the same party or parties have the ultimate control over the combining entities or businesses both before and after the business combination.

Common control combinations are typically accounted for using the "pooling of interest method" and, in some cases where there is commercial substance to the transaction, using the "acquisition method" under PFRS 3.

PIC Q&A 2011-02 established the following consensus:

1. PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, requires that in the absence of specific guidance in PFRS, management shall use its judgement in developing and applying an accounting policy that is relevant and reliable (PAS 8.10). The most relevant and reliable accounting policies for common control business combination would either be the pooling of interest method and the acquisition method in accordance with PFRS 3.

2. Common control business combinations shall be accounted for using either the pooling of interests method or the acquisition method. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity.

3. The accounting policy for common control business combination shall be applied consistently for similar transactions.

4.04.03 Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary.

The consolidated financial statements incorporate the financial statements of the Parent and the entity controlled by the Parent (its subsidiary) up to June 30 of each year. Control is achieved when the Parent has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

Subsidiary is consolidated from the date when control is transferred to the Parent and ceases to be consolidated from the date when control is transferred out of the Parent.

4.04.04 Measurement

The assets and liabilities and the contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the profit and loss in the period of acquisition.

4.04.05 Initial Measurement of Goodwill or Gain on a Bargain Purchase

Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on a bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

4.04.06 Inter-group Balances

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-group balances and transactions, including inter-group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Parent Company. All inter-group transactions, balances, income and expenses are eliminated during consolidation.

4.04.07 Loss of Control

Upon the loss of control, the Parent Company derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of controls is recognized in profit or loss. If the Parent Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date the control is lost. Subsequently, it is accounted for as entity-accounted investee or as financial assets at FVTPL or FVOCI depending on the level of influence retained.

4.04.08 Measurement Period.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as at the acquisition date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition date.

4.05 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognized immediately in profit or loss.

When the circumstances that previously caused inventories to be impaired no longer exist or when there is clear evidence of an increase in selling price less costs to complete and sell because of changed economic circumstances, a reversal of the impairment is recognized so that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell. Any impairment reversal is recognized in profit or loss but is limited to the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

4.05 Property and Equipment

Property and equipment are initially measured at cost. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Office and store equipment	5 to 10 years
Building and building improvements	5 to 20 years

The property and equipment's residual values, useful lives and depreciation method are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.07 Computer Software

Computer software acquired separately is initially carried at cost. Subsequently, intangible asset with definite useful life is carried at cost less accumulated amortization and accumulated impairment losses. Amortization of computer software is recognized on a straight-line basis over its estimated useful life of two (2) years.

The estimated useful life, residual value and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

4.08 Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that any assets other than inventories, deferred tax assets, and financial assets that are within the scope of PFRS 9, *Financial Instruments* may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

4.09 Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.10 Financial Liabilities

4.10.01 Initial Recognition and Measurement

The Group shall recognize a financial liability in its consolidated statements of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

At initial recognition, the Group shall measure a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.10.02 Classification

The Group shall classify all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate;
- contingent consideration recognized by an acquirer in a business combination.

The Group's financial liabilities measured at amortized cost include trade and other payables (excluding customers' deposits and due to government agencies), due to a related party, loans payable and lease liabilities.

The Group does not have financial liabilities measured at fair value through profit or loss.

4.10.03 Derecognition

The Group removes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished (i.e. when the obligation in the contract is discharged or cancelled or expires).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

4.12 Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.13 Customers' Deposits

Customers' deposits pertain to down payments made by customers on their purchase. These are recorded initially as liability equivalent to the amount of cash received. Subsequently, these are charged to profit or loss upon delivery of food products.

4.14 Employee Benefits

4.14.01 Short-term Benefits

The Group recognizes a liability, net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, SSS, PhilHealth, and HDMF contributions and other employee benefits.

4.14.02 Post-employment Benefits

The Group has an unfunded and noncontributory defined benefit retirement plan. This benefit defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the Projected Unit Credit Method (PUCM) which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Retirement benefits include current service cost and net interest on defined benefit obligation. Remeasurements which include change on demographic and financial assumption and experience adjustment are recognized directly in other comprehensive income and are also presented as remeasurements under 'equity' in the consolidated statement of financial position.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The retirement benefit obligation recognized in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of interest rates of government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

4.15 Provisions

Provisions are recognized when the Group has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate.

4.16 Revenue Recognition

The Group shall recognize revenue when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

4.16.01 Performance Obligations Satisfied at a Point in Time

The Group recognizes revenue at point in time from its store sales and commissary sales, this is when there is a present right to payment for goods, transfer of physical possession of goods, acceptance of the same by its customers and transfer of significant risk and rewards of the goods.

4.16.02 Royalty

Revenue from royalty is recognized as the royalty accrues based on certain percentages of the franchisees' gross sales.

4.16.03 Finance Income

Finance income is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Finance income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.16.04 Principal versus Agent Considerations

The Group should determine whether it is a principal or an agent in a transaction through the nature of its promise in a performance obligation.

The Group determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e. the Group is a principal) or to arrange for the other party to provide those services (i.e. the Group is an agent).

The Group is a principal if it controls a promised service before it transfers the service to a customer. It recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for those services transferred.

The Group is an agent if its performance obligation is to arrange for the provision of services by another party. It recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its services.

4.16 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Group.

The Group recognizes expenses in the consolidated statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.17 Leases

4.17.01 The Group as a Lessee

The Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. To apply this definition the Group assesses whether the contract meets three (3) key evaluations, which are whether:

a. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.

b. The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

c. The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has elected to account for short-term leases and low-value assets using the practical expedients. Instead of recognizing an ROU asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Right-of-Use (ROU) Asset

At the commencement date, the Group measures the ROU asset at cost, which comprises of:

- initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any incentives received;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent to initial recognition, ROU assets are carried at cost less accumulated depreciation and accumulated impairment losses. The Group depreciates the ROU asset on a straight-line method from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Group also assesses the ROU asset for impairment when such indicators exist.

On the consolidated statements of financial position, right-of-use assets have been presented as a separate line item.

Lease Liabilities

At the commencement date, the Group measures the lease liabilities at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not the Group uses the incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under the residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect in-substance fixed lease payments.

The Group recognizes the amount of remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the remeasurement in profit or loss.

On the consolidated statements of financial position, lease liabilities have been presented as a separate line item.

4.18 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Group that is preparing its consolidated financial statements. A person or a close member of that person's family is related to Group if that person has control or joint control over the Group, has significant influence over the Group, or is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- The entity is controlled or jointly controlled by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4.19 Taxation

Income tax expense represents the sum of current and deferred taxes.

4.19.01 Current Tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.19.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4.19.03 Current and Deferred Taxes for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is also recognized outside profit or loss.

4.19.04 Impact of Change in Tax Regime

Components of tax expense include any adjustments recognized in the period for current tax of prior period and the amount of deferred tax expense (income) relating to changes in tax rates. The provision for current income tax during the year include the difference between income tax per prior year financial statements and prior year income tax return.

Deferred tax assets and liabilities as of reporting period is remeasured using the new tax rates. The impact of remeasurement is recognized in profit or loss (i.e., provision for/benefit from deferred income tax), unless it can be recognized in other comprehensive income or another equity account as provided for in PAS 12.61A.

Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation.

4.20 Earnings per Share

The Group computes its basic earnings per share by dividing net income or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

4.21 Changes in Accounting Policies

The adoption of the new and revised standards and interpretations disclosed in Notes 2.01 and 2.02, was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *"Accounting Policies, Changes in Accounting Estimates and Errors"*.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.01 Critical Judgments in Applying Accounting Policies

The following are critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

5.01.01 Aggregation of Operating Segments

In accordance with the provisions of PFRS 8, *Operating Segments*, the Group's reporting segment is based on the management approach with regard to the segment identification, under which information regularly provided to the chief operating decision maker for decision-making purposes is considered as decisive. The segments are also evaluated under the management approach.

The Group reports its segment based on the nature of the products and services provided and geographic areas. Management identifies its operating segments as generally based on nature of the products and services such as sale of foods and franchise revenue; and geographic areas such as domestic and international. The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of net trading gains (losses), other income, equity in net earnings, operating expenses and income tax.

5.01.02 Determining whether or not a Contract Contains a Lease

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from PAS 17 and IFRIC 4 and has not applied PFRS 16 to arrangements that were previously not identified as lease under PAS 17 and IFRIC 4.

Management assessed the Group's agreements to use store spaces qualified as lease contracts since the contract contains an identified asset, the Group has the right to obtain substantially all of the economic benefits, and the Group has the right to direct the use of the identified asset throughout the period of use.

5.01.03 Assessment of Principal-Agency Arrangement

The Group determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e. the Group is a principal) or to arrange for the other party to provide those services (i.e. the Group is an agent).

In June 30, 2025, 2024 and 2023 the Group assessed that it is acting as a principal on its sales derived from third-party food delivery supports because the Group has the primary responsibility for fulfilling the promise to provide goods to customers, bears the risk on the goods and has the discretion in determining the selling price of the goods. The Group recognized commission expense on amount paid to third-party delivery supports amounting to ₱375,198,561, ₱293,219,845 and 260,859,459, in June 30, 2025, 2024 and 2023 respectively, as disclosed in Note 23.

5.01.04 Assessment of Timing of Satisfaction of Performance Obligations

An entity satisfies a performance obligation by transferring control of a promised good or service to the, which could occur over time or at a point in time.

Management assessed that performance obligation is satisfied at a point in time, this is when there is a present right to payment for goods, transfer of physical possession of goods, acceptance of the same by its customers and transfer of significant risk and rewards of the goods. In 2025 2024 and 2023 revenues recognized amounted to ₱5,671,444,081, ₱5,447,082,212 and ₱4,284,080,714 as disclosed in Note 21.

5.01.05 Assessment of Contractual Terms of a Financial Asset

The Group determines whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Group considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of its financial assets are solely payments of principal and interest and consistent with basic lending arrangement. As of June 30, 2025 and 2024, the carrying amounts of financial assets measured at amortized cost amounted to ₱565,085,852 and ₱681,314,300 respectively, as disclosed in Note 31.02.

5.01.06 Assessment of the Allocation of Transaction Price to Performance Obligations

A performance obligation is a vendor's promise to transfer a good or service that is 'distinct' from other goods and services identified in the contract.

Management assessed that allocation of transaction price to performance obligation is not applicable since the only obligation identified is to deliver and served the foods and drinks ordered by its customers.

5.01.07 Assessment of 30 days Rebuttable Presumption

The Group determines when a significant increase in credit risk occurs on its financial assets based on the credit management practice of the Group.

Management believes that the 30 days rebuttable presumption on determining whether financial assets are past due is not applicable since based on Group's historical experience credit risk has not increased significantly even if collections are more than 30 days past due.

5.01.08 Assessment of 90 days rebuttable presumption

An entity determines when a past due occurs on its financial assets based on the credit management practice of the entity.

Management believes that the 90 days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable based on the Group's historical experience the Group determines that the customer is in default when it is already past due for 360 days and beyond.

5.01.09 Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised

Lease term is the non-cancellable period for which the Group has the right to use an underlying asset including optional periods when the Group is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term and the enforceability of the option. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Group is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Management assessed that it is reasonably certain that it will exercise the extension option but the extension option is not enforceable because it requires mutual agreement of both parties.

5.02 Key Sources of Estimation Uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainties at the end of the reporting periods that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Estimating Allowance for Expected Credit Losses of Financial Assets

The Group evaluates the expected credit losses related to its financial assets based on an individual assessment and available facts and circumstances, including, but not limited to historical loss experience and economic factors.

The Group uses credit ratings, performance of banking industry, macro-economic and bank's financial information to assess the expected credit losses on its cash in banks. In view of the foregoing factors, Management believes that the expected credit loss is nil in 2025 and 2024.

The Group uses performance of customers' industry, macro-economic factors and economy's outlook to assess the expected credit losses on its trade receivables. In view of the foregoing factors, Management believes that the expected credit loss on trade receivables is nil in 2025 and 2024.

The Group uses the available financial information about the lessors, macro-economic factors and economy's outlook to assess the expected credit losses on its refundable deposits. In view of the foregoing factors, Management believes that the expected credit loss on refundable deposits is nil in both years.

In 2025, 2024 and 2023, no provision for expected credit loss was recognized on Group's financial assets.

As of June 30, 2025 and 2024, the carrying amounts of financial assets measured at amortized cost amounted to ₱565,085,852 and ₱681,314,300 as disclosed in Note 31.02.

5.02.02 Estimating Inventories at Net Realizable Values

Net realizable values of inventories are assessed regularly based on the prevailing selling prices of inventories less estimated costs to sell. The Group recognizes expense and provides allowance for decline in value of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes on price levels or other causes. Inventory items identified to be obsolete and unusable is written off and charged against allowance account. Increase in the net realizable values will increase the carrying amount through reduction of allowance for decline but only to the extent of original acquisition cost.

In 2025 and 2024, Management believes the net realizable value of inventories approximate their costs, thus, no allowance for decline in value was recognized. As of June 30, 2025 and 2024, inventories amounted to ₱436,935,354 and ₱430,658,720, respectively, as disclosed in Note 9.

5.02.03 Reviewing Residual Values, Useful Lives and Depreciation Method of Property and Equipment

The residual values, useful lives and depreciation method of the Group's property and equipment are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Group's property and equipment are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of property and equipment, the Group considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase the recognized expenses and decrease non-current assets. The Group uses a depreciation method that reflects the pattern in which it expects to consume the property and equipment's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which the Group expects to consume the property and equipment's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern.

In both years, Management assessed that there are no indications that there has been any change in pattern used by in consuming Group's property and equipment's future economic benefits. As of June 30, 2025 and 2024 the carrying amounts of the Group's property and equipment are ₱3,890,245,353 and ₱2,527,094,634, respectively, as disclosed in Note 11.

5.02.04 Reviewing Residual Value, Useful Life and Amortization Method of Intangible Assets

The residual value, useful life and amortization method of the Group's computer software are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; technological advancement; and changes in market prices since the most recent annual reporting date. Amortization begins when the computer software is available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by Management. Amortization ceases when the intangible asset is derecognized. The Group uses a straight-line method of amortization since it cannot determine reliably the pattern in which it expects to consume the intangible asset's future economic benefits.

In both years, Management assessed that there are no indications that there has been any change in pattern used by the Group in consuming its intangible assets' future economic benefits. As of June 30, 2025 and 2024, the carrying amounts of the amounted ₱252,942,435 and ₱239,765,356, respectively, as disclosed in Note 12.

5.02.05 Asset Impairment

The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of prepayment and other current assets, property and equipment, intangible assets and right-of-use assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Group to conclude that aforementioned assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

In both years, Management assessed that no indicators of impairment had existed on prepayment and other current assets, property and equipment, right-of-use assets and intangible assets. As of June 30, 2025 and 2024, the aggregate carrying amounts of the aforementioned assets amounted to ₱4,673,175,942 and ₱3,217,305,764, respectively, as disclosed in Notes 10, 11, 12, and 13.

5.02.06 Estimating Recoverability of Deferred Tax Assets

The Group reviews the carrying amounts at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

Management believes that the Group will generate future taxable profit to use all or part of its deferred tax asset amounting to ₱3,807,085 and ₱3,242,137, in 2025 and 2024, as disclosed in Note 28.

5.02.07 Post-employment and Other Employee Benefits

The determination of the retirement obligation and cost and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, and rates of compensation increase. In accordance with the PFRS, actual results that differ from the assumptions are recognized as remeasurements in other comprehensive income and therefore, generally affect recorded obligation. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

The Group's retirement benefit amounted to ₱2,259,792, ₱2,718,667 and P2,683,409 in June 30, 2025, 2024 and 2023, respectively, as disclosed in Note 24. The Group's retirement benefit obligation as of June 30, 2025 and 2024, amounted to ₱16,096,518 and ₱13,836,726, respectively, as disclosed in Note 24. Remeasurement recognized as other comprehensive gain and loss, net of related tax, amounted to nil and ₱8,089,339 in June 30, 2025 and 2024, respectively, as disclosed in Note 24.

5.02.08 Estimating the Appropriate Discount Rate to Use

The Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Group uses the incremental borrowing rate.

Management used its incremental borrowing rate of 2.3% to 3.02% per annum to measure the present value of its lease liabilities since the implicit rate was not readily available.

6. SEGMENT INFORMATION

6.01 Revenue from Major Products

Listed below are the revenues earned from each major product:

		2025		2024	2023
Angel's Pizza	**₱**	**4,011,720,138**	₱	3,788,108,771	2,871,594,714
Figaro Coffee Group		**1,511,948,367**		1,487,925,999	1,317,818,050
Tien Ma's Taiwanese Cuisine		**147,775,576**		171,047,442	94,667,950
	₱	**5,671,444,081**	₱	5,447,082,212	4,284,080,714

6.02 Geographical Information

The Group operates in two (2) principal geographical areas. The Group's revenue from continuing operations from external customers by geographical location are detailed below:

		2025		2024	2023
National Capital Region	**₱**	**3,433,308,407**	₱	3,288,663,940	3,120,339,428
Provincial Areas		**2,238,135,674**		2,158,418,272	1,163,741,286
	₱	**5,671,444,081**	₱	5,447,082,212	4,284,080,714

7. CASH

For the purpose of the consolidated statement of cash flows, cash includes cash on hand and cash in banks.

Cash at the end of the reporting periods as shown in the consolidated statement of cash flows can be reconciled to the related item in the consolidated statement of financial position as follows:

		2025		2024
Cash on hand	**₱**	**11,188,884**	₱	13,867,400
Cash in banks		**320,113,866**		361,067,005
	₱	**331,302,750**	₱	374,934,405

Cash on hand pertains to revolving and change fund kept in the different branches.

Finance income from banks amounted to nil 2025 and 2024 since bank accounts maintained are current accounts which do not earn interest.

8. TRADE RECEIVABLE

The Group's trade receivable as of June 30, 2025 and 2024 amounted to ₱199,942,530 and ₱164,034,685, respectively.

Trade receivables which pertain to supplies billed to franchisees, commissary sales to certain institutions and receivable from credit card companies and food delivery services have an average credit period of 60 days from the sale of goods. No interest is charged on trade receivables. The Group determines that a customer is in default when it is already past due for 360 days and beyond.

Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the Group has not recognized an allowance for expected credit losses because there has been no significant amount on past due accounts which are 360 days and beyond. The Group does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Aging of outstanding accounts that are past due but not impaired is as follows:

		2025		2024
1 to 30 days	**₱**	**131,984,098**	₱	48,209,670
31 to 60 days		**19,126,409**		38,695,245
Over 60 days		**48,832,023**		77,129,770
	₱	**199,942,530**	₱	164,034,685

In determining the recoverability of trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

In 2025, 2024 and 2023, no provision for expected credit loss was recognized for the Group's trade receivables because the Group believes that there is only an insignificant amount of expected credit loss therefrom.

9. INVENTORIES

The Group's inventories pertaining to foods, beverages, store and kitchen supplies amounted to ₱436,935,354 and ₱430,658,720, as of June 30, 2025 and 2024, as disclosed in Note 23.

The cost of inventories recognized as an expense amounted to ₱1,858,788,785 and ₱1,885,028.161, in 2025, 2024 and 2023, as disclosed in Note 22.

Inventories are expected to be recovered within twelve (12) months after the reporting period.

There are no unusual purchase commitments and accrued net losses on such commitments. There are no losses which are expected to arise from firm and noncancellable commitments for the future purchase of inventory items.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Group's prepayments and other current assets are shown below:

		2025		2024
Prepaid rent (Note 26)	**₱**	**47,712,572**		1,233,630
Advances to contractors		**145,770,366**		125,022,173
Advances to suppliers		**12,503,069**		17,251,124
Advances to officers and employees		**6,077,628**		15,912,388
	₱	**212,063,635**	₱	159,419,315

Advances to suppliers pertain to inventories that are already paid. The average shipment and delivery is 60 days from initial payment of goods.

Advances to contractors pertain to payments made for materials, labor, and services to be utilized in the construction, renovation, and improvement of the Group's store outlets, commissaries, and other facilities.

Advances to suppliers pertain to advance payment for goods to be delivered.

11. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Group's property and equipment as of June 30, 2025 and 2024, are as follows:

	Office and Store Equipment	Building and Building Improvements	Total
June 30, 2023			
Cost	₱ 1,227,852,728	₱ 761,891,307	₱ **1,989,744,035**
Accumulated depreciation	(325,958,023)	(450,691,503)	**(776,649,526)**
Carrying Amount	**901,894,705**	**311,199,804**	**1,213,094,509**
Movements during 2024			
Balance, July 1, 2023	901,894,705	311,199,804	**1,213,094,509**
Additions	370,910,824	1,161,382,473	**1,532,293,297**
Depreciation	(77,001,708)	(141,291,464)	**(218,293,172)**
Balance, June 30, 2024	**1,195,803,821**	**1,331,290,813**	**2,527,094,634**
June 30, 2024			
Cost	1,598,763,552	1,923,273,780	**3,522,037,332**
Accumulated depreciation	(402,959,731)	(591,982,967)	**(994,942,698)**
Carrying Amount	**1,195,803,821**	**1,331,290,813**	**2,527,094,634**
Movements during 2025			
Balance, July 1, 2024	1,195,803,821	1,331,290,813	**2,527,094,634**
Additions	795,013,672	932,636,037	**1,727,649,709**
Depreciation	(192,127,744)	(172,371,246)	**(364,498,990)**
Balance, June 30, 2025	**1,798,689,749**	**2,091,555,604**	**3,890,245,353**
June 30, 2025			
Cost	2,393,777,224	2,855,909,817	**5,249,687,041**
Accumulated depreciation	(595,087,475)	(764,354,213)	**(1,359,441,688)**
Carrying Amount	**₱ 1,798,689,749**	**₱ 2,091,555,604**	**₱ 3,890,245,353**

In 2025, 2024 and 2023, all additions were paid in cash.

Depreciation is allocated as follows:

	2025	2024	2023
Direct cost (Note 22)	**₱ -**	₱ -	₱ 6,394,035
Operating expenses (Note 23)	**364,498,990**	218,293,172	304,287,330
	₱ 364,498,990	₱ 218,293,172	₱ 310,681,365

In 2025, 2024 and 2023, Management assessed that there were no indications of impairment existing in property and equipment.

12. INTANGIBLE ASSETS – net

The carrying amounts of the Group's intangible assets as of June 30, 2025 and 2024 are as follows:

		2025		2024
Balance, July 1				
Cost	₱	**369,081,855**	₱	105,099,519
Accumulated amortization		**(129,316,499)**		(12,460,680)
Carrying Amount		**239,765,356**		92,638,839
Movements during the year				
Balance, July 1		**239,765,356**		92,638,83900
Additions		**153,454,245**		263,982,336
Amortization (Note 23)		**(149,277,166)**		(116,855,819)
Balance, June 30		**243,942,435**		239,765,356
June 30				
Cost		**393,219,601**		369,081,855
Accumulated amortization		**(140,277,166)**		(129,316,499)
Carrying Amount	₱	**252,942,435**	₱	239,765,356

In 2025, 2024 and 2023, all additions were paid in cash.

The remaining useful life of computer software is two (2) years.

The Group has determined that there is no indication that an impairment loss has occurred on its intangible assets in both years.

13. RIGHT-OF-USE ASSETS – net

The carrying amounts of the Group's right-of-use assets as of June 30, 2025 and 2024, are as follows:

		2025		2024
Balance, July 1				
Cost	₱	**379,685,903**	₱	39,356,326
Accumulated depreciation		**(88,659,444)**		(22,093,089)
Carrying Amount		**291,026,459**		17,263,237
Movements during the year				
Balance, July 1		**291,026,459**		17,263,237
Additions		**190,710,778**		340,329,577
Depreciation		**(163,812,718)**		(66,566,355)
Balance, June 30		**317,924,519**		291,026,459
June 30				
Cost		**570,396,681**		379,685,903
Accumulated depreciation		**(252,472,162)**		(88,659,444)
Carrying Amount	₱	**317,924,519**	₱	291,026,459

The details of the lease contracts are disclosed in Note 26.

14. OTHER NON-CURRENT ASSETS

The details of other non-current assets are shown below:

		2025		2024
Refundable deposits (Note 26)	₱	**42,719,447**	₱	33,125,666
Construction bond		**2,310,009**		2,086,944
Others		**-**		1,000,000
	₱	**45,029,456**	₱	36,212,610

15. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

		2025		2024
Trade	₱	**337,029,748**	₱	331,242,122
Due to government agencies		**33,788,678**		11,824,222
Customers' deposits		**-**		34,685,463
Gift certificate payable		**-**		3,495,200
Accrued expenses		**-**		1,353,200
	₱	**370,818,426**	₱	382,600,207

The average credit period on purchases of certain goods from suppliers is 30 days. No interest is charged on the trade payables from the date of the invoice.

Customer's deposits pertain to down payments made by customers on their purchases.

Due to government agencies include expanded and compensation withholding taxes and other statutory payables.

Accrued expenses pertains to accrual of professional fee and other services.

16. LOANS PAYABLE

Details of Group's loans payable are as follows:

		2025		2024
Balance, July 1	₱	**550,435,689**	₱	30,000,000
Assumed from business combination		**1,055,000,000**		1,050,000,000
Payments		**(84,451,369)**		(529,564,311)
Balance, June 30	₱	**1,520,984,320**	₱	550,435,689

The loans availed is used for additional working capital of the Group. The loans bear an interest rate of 5.5% to 8% with a term of 180 days to one (1) year. In 2020, the loan was renewed for another one (1) year. The loans are secured by corporate guaranty of Camerton, Inc, a related party under common key management.

In 2025, 2024 and 2023, finance costs incurred and paid amounted to ₱105,194,627, P25,436,409 and P1,817,310, respectively.

The Group is not required to maintain any ratios or thresholds. In 2025 and 2024, the Group is compliant with the terms and conditions of the loan contract.

17. LEASE LIABILITIES

The Group, as lessee, entered into various leasing arrangements as disclosed in Note 26. The following are the amounts of lease liabilities:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2025	2024	**2025**	2024
Not later than one (1) year	**₱ 75,471,665**	₱ 89,119,091	**₱ 63,857,836**	₱ 70,997,346
Later than one (1) year but not later than five (5) years	**161,667,975**	232,147,196	**146,189,635**	195,574,427
	237,139,640	321,268,311	**210,047,471**	266,571,773
Discount	**(27,092,169)**	(54,694,514)	**-**	-
Present value of minimum lease payments	**210,047,471**	266,571,773	**210,047,471**	266,571,773
Current portion	**63,857,836**	70,997,346	**63,857,836**	70,997,346
Non-current portion	**₱ 146,189,635**	₱ 195,574,427	**₱ 146,189,635**	₱ 195,574,427

Movement in lease liabilities are as follows:

	2025	2024
Balance, beginning	**₱ 266,571,773**	₱ 7,298,695
Additions	**81,715,161**	327,743,444
Finance cost (Note 26)	**15,918,135**	17,575,260
Finance cost paid	**(15,918,135)**	(17,575,260)
Payments	**(138,239,463)**	(68,470,366)
Balance, ending	**₱ 210,047,471**	₱ 266,571,773

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates 2.3% to 3.02% per annum.

18. RELATED PARTY TRANSACTIONS

Nature of relationship of the Group and its related parties are disclosed below:

Related Parties	Nature of Relationship
Carmetheus Holdings, Inc.	Ultimate parent
Camerton, Inc.	Immediate Parent
F Coffee Holdings, Inc.	Under common control
F Coffee Holdings Corporation	Under common control
Stockholders	Key management personnel

18.01 Due from related parties

18.01.01 Key Management Personnel

Transactions with key management personnel are as follows:

	June 30, 2025		June 30, 2024	
	Amount/ Volume	**Outstanding Balances**	Amount/ Volume	Outstanding Balances
Stockholders				
Advances	**₱ -**	**₱ -**	₱ -	₱ 120,000,000

Advances pertain cash given to stockholders for their personal use.

In 2025, 2024 and 2023, the Group partially collected its advances granted to related party amounting to ₱120,000,000, nil and ₱167,081,477, respectively.

The amounts outstanding are unsecured, non-interest bearing, collectible on demand and will be settled in cash. No guarantees have been received in respect of the amounts owed by related party. No provisions have been made for expected credit losses in respect of the amounts owed by a related party.

The Group has an approval requirement and limits on the amount and extent of related party transactions.

18.02 Remuneration of Key Management Personnel

In both years, no remuneration was given to the directors and members of key management personnel.

19. CAPITAL STOCK

The paid-in capital stock of the Group is as follows:

	2025	2024
Capital stock (Note 19.02)	**₱ 589,345,528**	₱ 589,345,528
Additional paid-in capital	**1,403,308,680**	1,403,308,680
	₱ 1,992,654,208	₱ 1,992,654,208

19.01 Increase in Authorized Capital Stock

On March 31, 2021, the Parent Company's Board of Directors and Stockholders approved: (a) the increase in authorized capital stock from ₱150,000,000 to ₱500,000,000; and (b) the stock split through the reduction of the par value of the shares of the Group from ₱100.00 per share to ₱0.10 per share. SEC approved the Group's application to increase authorized capital stock on June 23, 2021.

On September 16, 2021, the Securities and Exchange Commission approved the Company's increase in authorized capital stock to ₱660,000,000 divided into 6,600,000,000 shares with a par value of ₱0.10 per share.

On June 6, 2023, the Parent Company's Board of Directors and Stockholders approved the increase in authorized capital stock amounting to ₱1,340,000,000 comprising of 11,550,000,000 common shares at ₱0.10 par value per share or equivalent to ₱1,155,000,000 and 9,250,000,000 preferred shares at ₱0.02 par value per share or equivalent to ₱185,000,000. SEC approved the Group's application to increase its authorized capital stock on July 14, 2023.

19.02 Capital Stock

The paid-in capital stock of the Group are as follows:

		2025		2024
Common shares (Note 19.02.01)	**₱**	**546,845,528**	₱	546,845,528
Preferred shares (Note 19.02.02)		**42,500,000**		42,500,000
	₱	**589,345,528**	₱	589,345,528

19.02.01 Common Shares

Shown below are the details on the movements of common shares.

	2025			2024		
	Shares		**Amount**	Shares		Amount
Authorized						
₱0.10 par value per share	**11,550,000,000**	**₱**	**1,155,000,000**	11,550,000,000	₱	1,155,000,000
Issued and fully paid						
Balance, beginning	**5,468,455,280**		**546,845,528**	5,893,455,280		589,345,528
Additional issuance	**-**		**-**			-
Conversion to preferred shares	**-**		**-**	(425,000,000)		(42,500,000)
Balance, end	**5,468,455,280**	**₱**	**546,845,528**	5,468,455,280	₱	546,845,528

19.02.02 Preferred Shares

Shown below are the details on the movements of preferred shares.

	2025			2024		
	Shares		**Amount**	Shares		Amount
Authorized						
₱0.02 par value per share	**9,250,000,000**	**₱**	**185,000,000**	9,250,000,000	₱	185,000,000
Subscribed	**8,500,000,000**		**170,000,000**	8,500,000,000		170,000,000
Subscription receivable	**(6,375,000,000)**		**(127,500,000)**	(6,375,000,000)		(127,500,000)
Balance, end	**2,125,000,000**	**₱**	**42,500,000**	2,125,000,000	₱	42,500,000

19.03 Dividend Declaration

On October 12, 2022, Figaro Coffee Group, Inc., the Parent Company declared cash dividend at P0.01936 per share or ₱89,988,900 to stockholders of record as of November 21, 2022. The record date of the declaration of dividend is December 9, 2022.

At the regular meeting held on October 12, 2023, the Board of Directors of the Figaro Coffee Group, Inc., the Parent Company approved the declaration of cash dividends of ₱0.027 with a total amount of ₱147,648,293 to all stockholders on record as of November 17, 2023. Dividends paid amounted to ₱147,648,293 during the same year.

At a regular meeting held in 2024, the Board of Directors of Figaro Coffee Group, Inc. (the "Parent Company") approved the declaration of cash dividends amounting to ₱0.027 per share, or a total of ₱147,648,293, to all stockholders. The total amount of ₱147,648,293 was paid during the same year.

19.04 Issuances of Shares

At incorporation, Camertheus Holdings, Inc. (CHI) subscribed to ₱37,500,000 worth of shares in the Parent Company. Out of such subscription, ₱9,375,000 had been paid by CHI at incorporation of the Parent Company. During the period, CHI fully paid its subscription receivable amounting to ₱28,125,000.

Camerton, Inc. (CI) subscribed to the following shares of the Parent Company:

a. In support of the application for increase in authorized capital stock, Camerton, Inc. (CI), on March 31, 2021, subscribed to 1,250,000,000 shares of the Parent Company for a total subscription price of ₱125,000,000. The subscribed shares were fully paid and issued on June 22, 2021.

b. On June 20, 2021, the Board of Directors of the Parent Company approved the additional paid-in capital in the amount of ₱83,138,000 paid by CI into the Parent Company.

c. 1,250,000,000 shares with par value of ₱0.10 per share for a total subscription price of ₱228,800,000, or ₱0.18304 price per share. The said subscription resulted to an additional capital stock of ₱125,000,000 and an additional paid-in capital of ₱103,800,000 in the Parent Company; and

d. 350,000,000 shares of the Parent Company with par value of ₱0.10 per share for a total subscription price of ₱35,000,000.

As of June 30, 2021, the outstanding capital of the Parent Company is ₱322,500,500 (excluding the additional paid-in capital of ₱186,938,000 with 3,225,005,000 shares issued.

As of June 30, 2021, the Parent Company is 88.37% owned by Camerton, Inc. and 11.63% owned by Carmetheus Holdings, Inc.

On January 24, 2022, the Company completed its IPO and was listed in the PSE under stock symbol "FCG." The Company issued 93,016,000 common shares for a total consideration of ₱69,762,000 or at ₱0.75 per share. This resulted to an additional issuance of capital stock of 1,423,183,200 with par value of ₱0.10 per share for a total of ₱142,318,200.

As of June 30, 2022, the outstanding capital of the Company is ₱464,818,820 (excluding the additional paid-in capital of ₱665,068,300 with 4,648,188,200 shares issued).

As of June 30, 2022, the Company is 69.94% owned by Camerton, Inc. and 8.07% owned by Carmetheus Holdings, Inc.

On February 2, 2023, the Company issued 862,767,088 common shares to Monde Nissin Corporation at ₱1 per share.

As of June 30, 2025 and 2024, the outstanding capital of the Group is ₱5,893,455,280 (excluding the additional paid-in capital of ₱1,403,308,680 with 5,893,455,280 shares issued).

As of June 30, 2025 and 2024, the Group is 53.05% owned by Camerton, Inc., 15% owned by Monde Nissin Corporation and 6.86% owned by Carmetheus Holdings, Inc.

19.05 Track record of registration of securities under the Securities Regulation Code

As of June 30, 2021, the Company is in the process of compiling with the requirements to file Registration Statement with SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of all the issued and outstanding Shares of the Company and the Offer Shares.

The number of shares to be registered, issue/ offer price and the approval or date when the registration statement covering such securities was rendered effective by the Commission, and the number of holders of such securities is to be determined.

On January 24, 2022, the Company completed its IPO and was listed in the PSE under stock symbol "FCG." The Company issued 93,016,000 common shares for a total consideration of ₱69,762,000 or at ₱0.75 per share.

20. BUSINESS COMBINATION

The Group accounted the common control business combination using the "acquisition method" under PFRS 3 because there is commercial substance to the transaction. Factors that indicate commercial substance are as follows:

1. The business combination is undertaken as an integral part of an Initial Public Offering (IPO).
2. The extent to which the acquiring entity's future cash flows are expected to change as a result of the business combination in which the entity-specific value of the portion of the entity's operations affected by the transaction changes as a result of the combination and the exchange is significant relative to the fair value of the assets exchanged.

Cash consideration	₱	**4,627,564**
Less fair value of net identifiable assets acquired		**38,284,325**
Gain on bargain purchase	₱	**33,656,761**

The subsidiary and the Parent Company are under common control. The Management believes that the acquisition will result to more financing resources to improve further the results of operation and financial position of the subsidiary.

The Group included FCSI in its financial consolidation starting June 21, 2021 (the "acquisition date"). The net cash inflow from the acquisition is as follows:

Cash paid on acquisition	₱	**4,627,564**
Less cash acquired from subsidiary		**281,145,694**
	₱	**276,518,130**

From the acquisition date, FCSI contributed ₱53,539,134 of revenues and ₱9,603,908 net profit to Group. If the business combination had taken place beginning July 1, 2020, contribution to consolidated revenues and net loss for the year ended June 30, 2021 would have been ₱1,354,700,778 and ₱197,365,890, respectively.

The fair value of the identifiable assets acquired and liabilities assumed as at the date of the acquisition were as follows:

Cash	281,145,694
Trade receivables	3,112,625
Inventories	59,452,449
Due from related parties	570,499
Prepayments and other current assets	31,940,875
Property and equipment – net	487,214,074
Intangible assets – net	379,748
Right-of-use assets – net	7,369,323
Other non-current assets	9,425,037
Deferred tax assets	4,579,163
Total identifiable assets acquired	**885,189,487**
Less:	
Dividend payable	208,138,000
Due to related party	228,800,000
Trade and other payables	116,763,768
Due to a related party	154,986,809
Loans payable	80,000,000
Lease liabilities	2,540,057
Income tax payable	32,688,283
Retirement benefits obligation	17,949,554
Lease liabilities–net of current portion	5,038,691
Total identifiable liabilities assumed	**846,905,162**
Net identifiable assets acquired	**38,284,325**

21. REVENUE

The Group's revenue from store sales is as follows:

		2025		2024		2023
Revenue From Contract with Customers						
Angel's Pizza	₱	**4,011,720,138**	₱	3,788,108,771	₱	2,871,594,714
Figaro Coffee Group		**1,511,948,367**		1,487,925,999		1,317,818,050
Tien Ma's Taiwanese Cuisine		**147,775,576**		171,047,442		94,667,950
	₱	**5,671,444,081**	₱	5,447,082,212	₱	4,284,080,714

The Group's revenue includes royalty income received from franchisees amounted to ₱83,321,398, ₱162,592,835, and ₱54,646,352 in 2025, 2024 and 2023, respectively, as disclosed in Note 26.

22. DIRECT COSTS

The following is an analysis of the Group's direct costs:

		2025		2024		2023
Inventories, July 1 (Note 9)	₱	**430,658,720**	₱	178,390,239	₱	95,681,440
Purchases		**1,865,065,419**		2,137,296,642		1,696,221,409
Inventories, June 30 (Note 9)		**(436,935,354)**		(430,658,720)		(178,390,239)
Cost of materials used		**1,858,788,785**		1,885,028,161		1,613,512,610
Direct labor (Note 24)		**600,962,001**		571,931,764		441,584,160
Overhead		**679,395,800**		435,792,519		292,893,653
	₱	**3,139,146,586**	₱	2,945,259,454	₱	2,347,990,423

Details of the overhead is as follows:

		2025		2024		2023
Depreciation (Note 13)	₱	**163,812,718**	₱	66,566,355	₱	6,394,035
Communication, light and water		**134,592,806**		105,085,583		57,349,965
Store and kitchen supplies		**104,211,433**		104,178,264		84,268,309
Rentals (Note 26)		**76,513,787**		29,251,467		53,43,409
Professional fees		**71,235,802**		17,033,696		12,334,827
Security services		**41,577,459**		26,818,052		21,845,053
Taxes and licenses		**33,077,510**		30,624,738		21,665,900
Repairs and maintenance		**32,864,509**		20,970,857		19,555,884
Office supplies		**12,219,017**		-		-
Wastages and spoilage		**3,919,244**		15,268,768		12,930,495
Representation and entertainment		**3,028,890**		2,167,651		493,049
Association Dues		**139,257**		444,142		200,323
Others		**2,203,368**		17,382,946		2,417,404
	₱	**679,395,800**	₱	435,792,519	₱	292,893,653

23. OPERATING EXPENSES

This account is composed of the following expenses:

		2025		2024		2023
Advertisement and promotion	₱	**632,746,297**	₱	891,758,295	₱	610,161,298
Commission		**375,198,561**		293,219,845		260,859,459
Depreciation (Note 11)		**364,498,990**		218,293,172		304,287,330
Amortization (Note 12)		**140,277,166**		116,855,819		5,839,409
Short-term employee benefits (Note 24)		**95,883,591**		92,546,109		52,234,098
Transportation and travel		**71,177,555**		63,942,757		46,934,894
Taxes and licenses		**37,074,524**		27,187,329		14,342,967
Rentals (Note 23)		**11,009,641**		19,183,046		13,095,742
Communication, light and water		**18,667,132**		15,776,063		16,985,069
Representation and entertainment		**6,643,847**		12,475,292		10,428,955
Professional fees		**3,137,362**		5,718,347		7,048,094
Security services		**3,716,630**		3,116,242		3,349,209
Retirement benefits (Note 24)		**2,259,792**		2,718,667		2,683,409
Supplies		**1,339,111**		962,367		1,739,403
Repairs and Maintenance		**1,472,550**		10,172,757		1,509,349
Insurance		**1,081,467**		1,297,377		432,095
Management fees		**-**		-		5,000,000
Others		**20,850,949**		39,023,021		54,126,760
	₱	**1,787,035,165**	₱	1,814,246,505	₱	1,357,006,132

24. EMPLOYEE BENEFITS

Aggregate employee benefits expense, as disclosed in Notes 23 and 24, is comprised of:

		2025		2024		2023
Short-term employee benefits (Note 24.01)	₱	**696,845,592**	₱	716,984,883	₱	493,818,258
Retirement Benefits (Note 24.02)		**2,259,792**		2,718,667		2,683,409
	₱	**699,105,384**	₱	719,703,550	₱	496,501,667

24.01 Short-term Employee Benefits

An analysis of the Company's short-term employee benefits as disclosed in Notes 23 and 24 is as follows:

		2025		2024		2023
Salaries and wages	₱	**512,817,736**	₱	596,510,725	₱	409,007,166
SSS, PhilHealth and HDMF contributions		**59,816,812**		48,392,585		63,722,329
Other employee benefits		**124,211,043**		19,574,563		21,088,763
	₱	**696,845,592**	₱	664,477,873	₱	493,818,258

Allocation of short-term employee benefits is as follows:

		2025		2024		2023
Cost of sales (Note 23)	₱	**600,962,001**	₱	571,931,764	₱	441,584,160
Operating expenses (Note 24)		**95,883,591**		92,546,109		52,234,098
	₱	**696,845,592**	₱	664,477,873	₱	493,818,258

24.02 Post-employment Benefits

24.02.01 Defined Benefit Plan

The Group has a single retirement plan under the regulatory framework of the Philippines. Under R.A. No. 7641, the Group is legally obliged to provide a minimum retirement pay for qualified employees upon retirement. The framework, however, does not have a minimum funding requirement. The Group's benefit plan is aligned with this framework.

Under the unfunded plan, the employees are entitled to retirement benefits equivalent to 22.5 days per year of credited service in accordance with R.A. No. 7641 on attainment of a retirement age of sixty (60) years with at least five (5) years of service. The payments for the funded benefits are borne by the Group as it falls due.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out on October 28, 2024 by Miravite Consulting Group, Inc. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	2025	2024
Discount rate	**7.20%**	**7.20%**
Expected rate of salary increase	**5.00%**	**5.00%**

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age sixty (60).

	2025	2024
Retiring after the reporting period		
Male and Female	**14**	14

The sensitivity analysis of the defined benefit obligation on changes in the weighted principal assumption is as follows:

		Impact on Defined Benefit Obligation	
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
June 30, 2025			
Discount rate	**+/-1.00%**	**7.20%**	**5.20%**
Salary increase rate	**+/-1.00%**	**6.00%**	**4.00%**
June 30, 2024			
Discount rate	+/-1.00%	6.00%	4.00%
Salary increase rate	+/-1.00%	5.00%	5.00%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the statements of financial position.

Assumed life expectancy is not applicable because under the Group's retirement plan, benefits are paid in full in a lump sum upon retirement or separation of an employee.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Amounts recognized in consolidated profit or loss in respect of these defined benefit plans are as follows:

		2025		2024		2023
Current service cost	**₱**	**1,245,063**	₱	1,245,063	₱	1,716,489
Interest on the retirement benefit obligation		**1,014,729**		1,473,604		1,098,921
	₱	**2,259,792**	₱	2,718,667	₱	2,815,410

Reconciliation of remeasurements recognized in consolidated other comprehensive income is as follows:

	Change on financial assumption	Experience adjustment	Total	Income tax	Net
Gain (loss) Balance at June 30, 2023	₱ **4,275,425**	₱ **(858,957)**	₱ **3,416,468**	₱ **(927,066)**	₱ **2,489,402**
Amount recognized during the year	1,767,589	(12,553,375)	(10,785,786)	2,696,447	**(8,089,339)**
Gain (loss) Balance at June 30, 2024	**6,042,014**	**(13,412,332)**	**(7,369,318)**	**1,769,381**	**(5,599,937)**
Amount recognized during the year	-	-	-	-	-
Gain (loss) Balance at June 30, 2025	**₱ 6,042,014**	**₱ (13,412,332**	**P (7,369,318)**	**₱ 1,769,381**	**P (5,599,937)**

Movements in the present value of the defined benefit obligation in the current period are as follows:

		2025		2024
Balance, July 1	**₱**	**13,836,726**	₱	21,903,845
Current service cost		**1,245,063**		1,245,063
Interest expense		**1,014,729**		1,473,604
Actuarial loss (gain)		**-**		(10,785,786)
	₱	**16,096,518**	₱	13,836,726

The Group operates an unfunded defined benefit plan wherein benefit payments are borne by the Group. Thus, the Group maintains appropriate level of liquidity to meet currently maturing defined benefit obligations and has established a level of solvency ratio aimed to pay for long term defined benefit obligations.

25. FRANCHISE AGREEMENTS

25.01 The Group as a Franchisor

The Group has granted its franchisees the right to use the information and materials pertaining to the restaurant system being franchised under the terms and conditions specified in the franchise agreements. The agreements provide for an initial franchise fee payable upon the execution of the agreement and monthly royalty fees based on gross sales.

Deposits paid by the franchisees amounted to nil and ₱34,685,463 as of June 30, 2025 and 2024, respectively, which are to be refunded upon termination of the franchise agreement. The decrease in deposits as of June 30, 2025 was primarily due to the termination and renewal of certain franchise agreements during the period, wherein the related deposits were either refunded to franchisees or applied to existing obligations in accordance with the terms of the agreements.

Royalty received from franchisees amounted to ₱83,321,398 and ₱162,592,835 in 2024 and 2023, respectively, as disclosed in note 21.

26. LEASE AGREEMENT

26.01 The Group as a Lessee

The Group has leases for the use of store spaces with lease terms of three (3) to five (5) years. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

All leases have extension option but are not enforceable because it requires mutual agreement of both parties as disclosed in Note 5.01.08.

Right-of-use assets recognized as of June 30, 2025 and 2024 amounted to ₱208,928,903 and ₱291,026,459, respectively, while lease liabilities amounted to ₱210,047,471 and ₱266,571,773, respectively.

26.01.01 Lease payments not recognized as a liability

Short-term lease relates to lease contracts for stores spaces with a term of one (1) year and renewable upon mutual agreement of both parties.

The Group has elected not to recognize a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

Prepaid rent, pertaining lease payments not recognized as lease liability, as of June 30, 2025 and 2024, amounted to ₱47,712,572 and ₱1,233,630, respectively, as disclosed in Note 10. Refundable deposits paid by the Group amounted to ₱42,719,447 and ₱33,125,666, as of June 30, 2025 and 2024, as disclosed in Note 14.

At reporting dates, the Group had outstanding commitments for future minimum lease payments amounting to ₱2,412,303.

27. INCOME TAXES

27.01 Income Tax Recognized in Profit or Loss

Components of income tax expense are as follows:

		2025		2024	2023
Current tax expense	**₱**	**138,478,263**	₱	42,215,083	154,422,787
Deferred tax (benefit) expense		**(564,948)**		203,664	(236,147)
	₱	**137,913,315**	₱	42,418,747	154,186,640

28. DEFERRED TAX ASSETS

The Group's deferred tax assets and the respective movement is as follows:

		Retirement benefit obligation		**Right-of-use asset and Lease liabilities**		**Total**
Balance, July 1, 2023	₱	**5,475,961**	**P**	**258,959**	**P**	**5,734,920**
Recognized in profit or loss		**679,667**		**(476,003)**		**(203,664)**
Recognized in other comprehensive income		**(2,696,447)**				**(2,696,447)**
Balance, June 30 2024	₱	**3,284,176**	**P**	**(278,186)**	**P**	**3,242,137**
Recognized in profit or loss		**564,948**		**-**		**564,948**
Balance, June 30 2025	₱	**3,849,124**	**P**	**(278,186)**	**P**	**3,807,085**

29. BASIC EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2025	2024	2023
a. Net income (loss) from operations/ attributable to ordinary equity holders of the Group for earnings	**₱ 629,573,160**	₱ 628,410,133	₱ 462,559,919
b. Weighted average number of ordinary shares for the purposes of earnings per share	**5,468,455,280**	5,680,955,885	5,270,822,345
c. Earnings per share (a/b)	**0.12**	0.11	0.09

The weighted average number of ordinary shares for the years 2025, 2024 and 2023 used for the purposes of basic earnings per share were computed as follows:

	Number of Ordinary Shares	**Proportion to Period**	**Weighted Average**	**Total**
June 30, 2025				
Outstanding shares at the beginning of the period	**5,468,455,280**	**6/12**	**2,734,227,640**	**2,734,227,640**
Outstanding shares at the end of the period	**5,468,455,280**	**6/12**	**2,734,227,640**	**2,734,227,640**
				5,468,455,280
June 30, 2024				
Outstanding shares at the beginning of the period	5,893,456,490	6/12	2,946,728,245	2,946,728,245
Outstanding shares at the end of the period	5,468,455,280	6/12	2,734,227,640	2,734,227,640
				5,680,955,885
June 30, 2023				
Outstanding shares at the beginning of the period	4,648,188,200	6/12	2,324,094,100	2,324,094,100
Outstanding shares at the end of the period	5,893,456,490	6/12	2,946,728,245	2,946,728,245

30. FAIR VALUE MEASUREMENTS

30.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Group's financial assets and financial liabilities as of June 30, 2025 and 2024 are presented below:

	2025		2024	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets:				
Cash	**₱ 331,302,750**	**₱ 331,302,750**	₱ 374,934,405	₱ 374,934,405
Trade receivables	**199,942,530**	**199,942,530**	164,034,685	164,034,685
Due from related parties	**-**	**-**	120,000,000	120,000,000
Other non-current assets	**45,029,456**	**45,029,456**	36,212,610	36,212,610
	₱ 576,274,736	**576,274,736**	₱ 695,181,700	₱ 695,181,700
Financial Liabilities:				
Trade and other payables	**₱ 337,029,748**	**₱ 337,029,748**	₱ 331,242,122	₱ 331,242,122
Loans payable	**1,520,984,320**	**1,520,984,320**	550,435,689	550,435,689
Lease liabilities	**210,047,471**	**210,047,471**	266,571,773	266,571,773
	₱ 2,068,061,539	**₱ 2,068,061,539**	₱ 1,148,249,584	₱ 1,148,249,584

The fair values of financial assets and financial liabilities are determined as follows:

- Due to the short-term nature of cash, trade receivable, due from related parties, and trade and other payables (except customer deposits and due to government agencies) and due to related parties, their carrying amounts approximate their fair values.
- Other non-current assets having a long-term nature are carried at amortized cost. Management believes that fair value approximates amortized cost.
- Loans payable and lease liabilities bear market interest rates; hence, Management believes that carrying amounts approximate their fair values.
- Lease liabilities bear incremental borrowing rate; hence, Management believes that carrying amounts approximate their fair values.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, including interest rate risk, credit risk and liquidity risk.

31.01 Market Risk Management

31.01.01 Interest Rate Risk Management

The Group's exposure to interest rate risk arises from its cash deposits in banks and loans payable which are subject to variable interest rates.

The interest rate risks arising from deposits with banks and loans payable are managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

Profits for the nine (9) day ended would have been unaffected since the Group has no borrowings at variable rates and interest rate risk exposure for its cash in banks, which is subject to variable rate, is very immaterial.

31.02 Credit Risk Management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from cash in banks, trade receivables, advances to stockholders and refundable deposits, all measured at amortized cost.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of risk management. The Group uses other publicly available financial information and its own records to rate its counterparties. Credit ratings of counterparties are continuously monitored by the Management.

The Group considers the following policies to manage its credit risk:

- *Banks*

  The Group transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Group uses other publicly available information such as annual report to monitor the financial status of the banks. The Group assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to banks.

- *Trade receivables*

  On the credit exposures to customers, Management assesses the credit quality of the customers, taking into account its financial position, past experience and other factors.

Financial assets measured at amortized cost are as follows:

		2025		2024
Cash in banks	₱	**320,113,866**	₱	361,067,005
Trade receivables		**199,942,530**		164,034,685
Due from related parties		**-**		120,000,000
Other non-current assets		**45,029,456**		36,212,610
	₱	**565,085,852**	₱	681,316,324

The calculation of allowance for expected credit losses are based on the following three (3) components:

- Probability of Default (PD)

  PD is the likelihood over a specified period, usually 360 days for customers and one year for service providers that they will not be able to make scheduled repayments. PD depends not only on the counterpart's characteristics, but, also on the economic environment. PD may be estimated using historical data and statistical techniques.

- Loss Given Default (LGD)

  LGD is the amount of money a Group loses when a customer defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

- Exposure at default (EAD)

  EAD is the total value a Group is exposed to when a loan defaults. It refers to the carrying amount of financial asset.

Below is the summary of computation of allowance for expected credit losses:

	June 30, 2025					
	PD rate	**LGD rate**		**EAD**		**ECL**
	a	**B**		**C**		**d=a*b*c**
Cash in banks	**0.00%**	0.00% to 99.06%	**₱**	**320,113,866**	**₱**	**-**
Trade receivables	**0.00%**	100.00%		**199,942,530**		**-**
Due from related parties	**0.00%**	100.00%		**-**		**-**
Other non-current assets	**0.00%**	100.00%		**45,029,456**		**-**
			₱	**565,085,852**	**₱**	**-**

	June 30, 2024					
	PD rate	LGD rate		EAD		ECL
	a	B		C		d=a*b*c
Cash in banks	0.00%	0.00% to 98.75%	₱	361,067,005	₱	-
Trade receivables	0.00%	100.00%		164,034,685		-
Due from related parties	0.00%	100.00%		120,000,000		-
Other non-current assets	0.00%	100.00%		36,212,610		-
			₱	681,314,300	₱	-

Cash in banks

The Group determined the probability of default rate by considering the following: the credit ratings; the past, current, and forecast performance of Banking Industry; the past, current, and forecast macro-economic factors that may affect the banks; and the current and projected financial information. The Group estimated the probability of default to be nil.

Loss given default rate is calculated by taking into consideration the amount of insured deposit and estimated it to be 0.00% to 99.06% and 0.00% to 98.75% as of June 30, 2025 and 2024, respectively.

Exposure at default is equal to the gross carrying amount of cash in banks.

Trade receivables

The Group determined the probability of default rate by considering the credit ratings, credit history or payment profiles of customers and forecast of macro-economic factors affecting the industry. Historically, no significant amount of receivables from customers remains uncollected after 360 days past due and with the projected demands of the Group's products by consumers, the impact of forecast, macro-economic factors is very insignificant, hence, the probability of default was estimated to be 0.00% in both years.

In both years, loss given default rate is 100% because the Group expects to lose the whole amount in case of default. There are no collateral or credit enhancements attached to the receivables.

Exposure at default is equal to the gross carrying amount of trade receivables.

Due from related parties

The Group determined the probability of default rate by considering the credit ratings, credit history and forecast of macro-economic factors affecting the stockholders. The PD rate is estimated to be nil.

In 2025 and 2024, loss given default rate is 100% because the Group expects to lose the whole amount in case of default.

Exposure at default is equal to the gross carrying amount of due from related parties.

Other non-current assets

This financial asset represents less than 7.96% and 5.21% of the total financial assets as of June 30, 2025 and 2024, respectively. Hence, Management believes that the effect of provision for expected credit loss is immaterial to the financial statements as a whole.

In both years, the amount of expected credit loss for other non-current assets is nil.

31.03 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted Average Interest Rate	**On Demand**	**Within one (1) Year**	**One (1) – Five (5) Years**	**Total**
June 30, 2025					
Trade and other payables	**-**	**₱ -**	**₱ 337,029,748**	**₱ -**	**₱ 337,029,748**
Loans payable	**5.5%**	**-**	**540,984,320**	**980,000,000**	**1,520,984,320**
Lease liabilities	**2.3% to 6%**	**-**	**63,857,836**	**146,189,635**	**210,047,471**
		₱ -	**₱ 941,871,904**	**₱ 1,126,189,635**	**₱ 2,068,061,539**
June 30, 2024					
Trade and other payables	-	₱ -	₱ 331,242,122	₱ -	₱ 331,242,122
Loans payable	5.5%	-	550,435,689	-	550,435,689
Lease liabilities	2.3% to 6%	-	70,997,346	195,574,427	266,571,773
		₱ -	₱ 952,675,157	₱ 195,574,427	₱ 1,148,249,584

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis

	Weighted Average Effective Interest Rate	On Demand	Within One (1) Year	Over Five (5) Years	Total
June 30, 2025					
Cash on hand	**-**	**₱ 11,188,884**	**₱ -**	**₱ -**	**₱ 11,188,884**
Cash in banks	**Floating rate**	**320,113,866**	**-**	**-**	**320,113,866**
Trade receivables	-	**-**	**199,942,530**	**-**	**199,942,530**
Due from related parties	-	**-**	**-**	**-**	**-**
Other non-current assets	-	**-**	**-**	**45,029,456**	**45,029,456**
		₱ 331,302,750	**₱ 199,942,530**	**₱ 45,029,456**	**₱ 576,274,736**
June 30, 2024					
Cash on hand	-	₱ 13,867,400	₱ -	₱ -	₱ 13,867,400
Cash in banks	Floating rate	361,067,005	-	-	361,067,005
Trade receivables	-	-	164,034,685	-	164,034,685
Due from related parties	-	120,000,000	-	-	120,000,000
Other non-current assets	-	-	-	36,212,610	36,212,610
		₱ 494,934,405	₱ 164,034,685	₱ 36,212,610	₱ 695,181,700

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (trade and other payables, advances from stockholders, loans payable, income tax payable and retirement benefit obligation) and equity of the Group (comprising capital stock, remeasurements, and retained earnings).

Pursuant to Section 42 of Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus profits in excess of one hundred (100%) percent of their paid-in capital stock, except: (1) when justified by definite corporate expansion projects or programs approved by the Board of Directors; or (2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or (3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies.

Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the statement of financial position. The Group has a target gearing ratio of 1:1 determined as the proportion of net debt to equity.

The gearing ratio at end of the reporting period is as follows:

		2025		2024
Debt	**₱**	**2,117,946,735**	₱	1,256,066,806
Cash		**331,302,750**		374,934,405
Net debt		**1,786,643,985**		881,132,401
Equity		**3,572,246,382**		3,090,321,515
Net debt to equity ratio		**0.50:1**		0.29:1

Debt is defined as all liabilities while equity includes capital stock, remeasurements and retained earnings.

33. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

		2025		2024
Beginning balance, July 1	**₱**	**817,007,462**	₱	37,298,695
Changes from financing cash flows				
Availments of loan		**1,055,000,000**		1,050,000,000
Finance cost incurred		**105,194,627**		43,011,669
Additions to lease liabilities		**81,715,161**		327,743,444
Finance cost paid		**(105,194,627)**		(43,011,669)
Payment of lease liabilities		**(138,239,463)**		(68,470,366)
Dividend declaration		**147,648,293**		147,648,293
Dividend payment		**(147,648,293)**		(147,648,293)
Payment of loan		**(84,451,369)**		(529,564,311)
Ending balance, June 30	**₱**	**1,731,031,791**	₱	817,007,462

34. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 5, 2025.

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

June 30, 2025

Schedule	Contents
Index to the Consolidated Financial Statements	
I	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsidiaries
II	Reconciliation of Retained Earnings Available for Dividend Declaration
III	Financial Soundness Indicators
Supplementary Schedules	
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties and Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY

INDEX I

Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsidiaries

June 30, 2025

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
INDEX II
Reconciliation of Retained Earnings Available for Dividend Declaration
June 30, 2025

Unappropriated Retained Earnings, beginning of reporting period (see Footnote 2)		**18,750,429.00**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s		
Effect of restatements of prior-period adjustments		
Others (describe nature)		
Sub-total		-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period		
Retained Earnings appropriated during the reporting period		
Effect of restatements of prior-period adjustments		
Others (describe nature)		
Sub-total		-
Unappropriated Retained Earnings, as adjusted		**18,750,429.00**
Add/Less: Net Income (Loss) for the current year		**629,573,160**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		
Unrealized fair value gain of investment property		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)		
Sub-total		**-**
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents but realized in the current reporting period (net of tax)		
Realized fair value adjustment (mark-to-market gains) of financial instrumetns at fair value through profit or loss (FVTPL)		
Realized fair value gain of investment property		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)		
Sub-total		**-**
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents		
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		
Reversal of previously recorded fair value gain of Investment Property		
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)		
Sub-total		**-**
Adjusted Net Income/Loss		**648,323,588.91**
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		
Sub-total		**-**

Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP (see Footnote 3)		
Amortization of the effect of reporting relief		
Total amount of reporting relief granted during the year		
Others (describe nature)		
Sub-total		-
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable		
Adjustment due to deviation from PFRS/GAAP - gain (loss)		
Others (describe nature)		
Sub-total		-
Total Retained Earnings, end of the reporting period available for dividend		**648,323,588.91**

FOOTNOTES

(1) The amount of retained earnings of a company shouldbe based on its separate ("stand-alone") audited financial statements.

(2) Unappropriated Retained Earnings, beginning of reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declation" of the immediatedly preceding period.

(3) Adjustments related to the relief provided by the SEC and BSP pertan to accounting relief (e.g. losses that are reported on a staggered basis) granted by the regulators. However, these are actual losses sustained by the Company and must be adjusted in the reconciliation to reflect the actual distributable amount.

(4) This Reconciliation of Retained Earnings Available for Dividend Declaration in pursuant to Sec. 42 of the Revised Corporation Code, which provides stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT companies as a basis to determine the amount of its distributable income or dividends to its shareholders. The determination of its distributable income should be in accordance with the REIT Act and Implementing Rules and Regulations.

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY

INDEX III

Financial Soundness Indicators

June 30, 2025

	Formula	Amount		Ratio
1 Current Ratio	**Current Assets/Current Liabilities**		**₱**	**1.21**
	Current Assets	1,180,244,269.00		
	Current Liabilities	975,660,581.91		
2 Debt/Equity Ratio	**Bank Debts/ Total Equity**			**0.43**
	Bank Debts	1,520,984,320.00		
	Total Equity	3,572,246,382.00		
3 Net Debt/Equity Ratio	**Bank Debts-Cash & Equivalents**			**0.33**
	Bank Debts-Cash	1,189,681,570.00		
	Total Equity	3,572,246,382.00		
4 Asset to Equity Ratio	**Total Assets/Total Equity**			**1.59**
	Total Assets	5,690,193,117.00		
	Total Equity	3,572,246,382.00		
5 Interest Cover Ratio	**EBITDA/Interest Expense**			**13.83**
	EBITDA	1,454,791,713.20		
	Interest Expense	105,194,627.29		
6 Profitability Ratios				
6.1 GP Margin	**Gross Profit/Revenues**			**0.45**
	Gross Profit	2,532,297,494.96		
	Revenues	5,671,444,081.01		
6.2 Net Profit Margin	**Net Income/Revenues**			**0.11**
	Net Income	629,573,159.91		
	Revenues	5,671,444,081.01		
6.3 EBITDA Margin	**EBITDA/Revenues**			**0.26**
	EBITDA	1,454,791,713.20		
	Revenues	5,671,444,081.01		
6.4 Return on Assets	**Net Income/Total Assets**			**0.11**
	Net Income	629,573,159.91		
	Total Assets	5,690,193,117.00		
6.5 Return on Equity	**Net Income/Total Equity**			**0.18**

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
SCHEDULE A
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
June 30, 2023

Name of Issuing entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Statement of Financial Position *	Valued based on market quotations at end of reporting period	Income received or accrued
Amounts owed by related parties				
Stockholders	Not applicable	₱ -	-	nil
Cash				
Banks	Not applicable	320,113,866	320,113,866	nil
Trade receivables				
Customers	Not applicable	199,942,530	199,942,530	nil
Other non-current assets				
Lessors	Not applicable	42,719,447	42,719,447	nil
Contractors	Not applicable	2,310,009	2,310,009	nil
Others	Not applicable	-	-	nil
	₱ -	**₱ 565,085,852**	**₱ 565,085,852**	**₱**

Amounts owed by related parties

Outstanding balance is based on the amount received from the related parties less collections as of end of reporting period.

Cash

Gross carrying amount of cash in banks.

Trade receivables

Gross carrying amount of receivables from customers

Other non-current assets

Gross carrying amount of other non-current assets

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY

SCHEDULE B

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

June 30, 2025

Amounts owed by Related Parties							
Name and designation of debtor *	**Balance at beginning of period**	**Additions**	**Amounts collected****	**Amounts Written Off *****	**Current**	**Not Current**	**Balance at the end of the period**
Key management personnel							
Stockholders	120,000,000	-	120,000,000	-	-	-	-
	₱ 120,000,000	**₱ -**	**₱ 120,000,000**	**₱ -**	**₱ -**	**₱ -**	**₱ -**

* The amounts outstanding are non-interest bearing, unsecured, will be settled in cash and collectible on demand. No guarantees or collateral have been received.

** All amounts collected were in cash.

*** No amount written off during the period.

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY

SCHEDULE C

SUPPLEMENTARY SCHEDULE OF AMOUNTS OF RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

June 30, 2025

Receivables from related parties which are eliminated during the consolidation							
Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amount written off	Current	Not current	Balance at end of period

----- Nothing to Report ------

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
SCHEDULE D
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
June 30, 2025

Long-term Debt			
Title of issue and type of obligation	**Amount authorized by indenture**	**Amount shown under caption "current portion of long-term" in related Statement of Financial Position**	**Amount shown under caption "long-term debt" in related Statement of Financial Position**

----- Nothing to Report ------

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
SCHEDULE E
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
June 30, 2025

Indebtedness to related parties (Long-term loans from related companies)		
Name of related party	**Balance at beginning of period**	**Balance at end of period**

----- Nothing to Report ------

FIGARO CULINARY GROUP, INC. AND SUBSIDIARY
SCHEDULE F
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
June 30, 2025

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the company for which this statement is filed	**Title of issue of each class of securities guaranteed**	**Total amount guaranteed and outstanding**	**Amount owned by person for which statement is filed**	**Nature of guarantee**

----- Nothing to Report ------

Annex F

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
of
FIGARO CULINARY GROUP, INC.
Held on 3 December 2025 at 2:00PM
via videoconference
https://us02web.zoom.us/j/83233678775?pwd=zBqCduyolbXmJxvXHx3ablfxFHitc2.1

Stockholders	No. of Shares Present/Represented	Percentage of Ownership
1. Camerton, Inc.	11,401,148,995	81.62
2. Carmetheus Holdings, Inc.	375,000,000	2.68
3. Brian Gregory T. Liu	1	0.00
4. Michael Stephen T. Liu	1	0.00
5. Sigrid Von D. De Jesus	1	0.00
6. Michael T. Barret	1	0.00
7. Divina Gracia G. Cabuloy	1	0.00
8. Justin T. Liu	1	0.00
9. Corazon P. Guidote	1	0.00
10. Senen L. Matoto	1	0.00
11. Hector R. Villanueva	1	0.00
TOTAL	11,776,149,004	84.30%

PRESENT:

Justin T. Liu	-	Chairman/Director
Michael Stephen T. Liu	-	Director
Brian Gregory T. Liu	-	Director
Senen L. Matoto	-	Independent Director
Corazon P. Guidote	-	Independent Director
Hector R. Villanueva	-	Independent Director
Divina Gracia G. Cabuloy	-	President/CEO/Director
Sigrid Von D. De Jesus	-	Director
Michael T. Barret	-	Director

ALSO PRESENT:

Lowela L. Concha	-	Corporate Secretary
Jose Petronio D. Español III	-	Chief Finance Officer
Marilou R. Roca	-	Chief Accounting Officer

Representatives from Picazo Buyco Tan Fider, Santos, and Dee
Representatives from De Jesus & Teofilo, CPAs
Representatives from Philippine National Bank, the Stock Transfer Agent

PROCEEDINGS OF THE MEETING

I. CALL TO ORDER

The Chairman, Justin T. Liu, called the meeting to order and presided over the same. The Corporate Secretary, Lowela L. Concha, recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary conducted certain procedural matters. The stockholders confirmed and stated for the record that (i) they are participating in the meeting through the use of mobile phone with videoconferencing capabilities, (ii) they can completely and clearly hear all other participants in the meeting, and (iii) they have received the agenda and all materials for the meeting.

Thereafter, the Corporate Secretary certified that notices of the meeting were sent to all the directors of the Company and that there was a quorum to transact business.

III. APPROVAL OF THE MINUTES OF THE PREVIOUS SPECIAL STOCKHOLDERS' MEETING HELD ON 05 NOVEMBER 2025

Mr. Justin T. Liu stated that the first item on the agenda is the approval of the minutes of the previous special meeting of the stockholders held on 05 November 2025. He further stated that a copy of the minutes was made available to all stockholders of record, together with the Definitive Information Statement and has been uploaded on the Company's website.

The stockholders thereafter cast their votes. With stockholders owning or representing 11,776,149,004 shares equivalent to approximately 84%, or more than a majority of the entire outstanding voting stock of the Company, voting in favor of approval, as confirmed by the Corporate Secretary, the stockholders approved the minutes of the Special Stockholders' Meeting held on 5 November 2025.

IV. RATIFICATION OF MATTERS APPROVED AND TAKEN BY FCG'S MANAGEMENT AND BOARD OF DIRECTORS FROM 05 NOVEMBER 2025 TO DATE OF ANNUAL STOCKHOLDERS' MEETING

The next agenda item, as explained by Mr. Justin T. Liu, is the ratification of the acts of the Board of Directors, Board Committees, and Management of the Company from 05 November 2025 to date including those set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the Securities and Exchange Commission ("SEC") and the Philippine Stock Exchange ("PSE").

Among the acts of the Board of Directors, Board Committees, and Management which are for ratification in addition to those disclosed in the Company's audited financial statements, are the following: (i) All material resolutions adopted by the Board and duly reported by the Company to the SEC and PSE through the filing of SEC Form 17-C, as well as those covered by minutes of board meetings which are available for inspection at the offices of the Company; (ii) All other resolutions adopted by the Board in the ordinary course of business; (iii) All resolutions adopted by the Board Committees; and (iv) All other acts executed by the Management in the exercise of their functions in the regular and ordinary course of business of the Company.

The stockholders owning or representing 11,776,149,004 shares equivalent to approximately 84%, or more than a majority of the entire outstanding voting stock of the Company, approved the ratification of the acts of the Board of Directors, Board Committees, and Management of the Company from 05 November 2025 to date including those set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and PSE.

V. APPROVAL OF THE PRESIDENT'S REPORT (REPORT OF MANAGEMENT), ANNUAL REPORT, AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Mr. Jose Petronio D. Español III reported on the financial condition of the Company for the fiscal year ending 30 June 2025, a copy of which is attached hereto as Annex "A". He discussed the financial highlights of the business.

Ms. Divina Gracia G. Cabuloy subsequently delivered the President's report, a copy of which is attached hereto as Annex "B". She reported on the results of operations of the Company for the fiscal year ending 30 June 2025.

An open forum ensued. There were questions raised regarding the Company's initiatives to improve shareholder value. Management explained that, as previously disclosed, the Board approved an internal corporate restructuring involving the Group's Angel's Pizza business. The restructuring would place the Angel's Pizza operations under a dedicated corporate entity, providing greater structural flexibility to support growth, enhance operational efficiency, and pursue domestic and international expansion. This initiative was intended to strengthen the Group's long-term strategic position and was expected to be implemented following the necessary regulatory approvals, anticipated next year.

A question was likewise raised regarding the status of the accreditation of the Company's external auditor with the Securities and Exchange Commission. Management noted that the auditor is in the final stages of the accreditation process and is awaiting the issuance of its Category "A" SEC Accreditation, and that the Company continues to coordinate closely with the auditor to monitor progress and ensure compliance with regulatory requirements.

The stockholders owning or representing 11,776,149,004 shares equivalent to approximately 84%, or more than a majority of the entire outstanding voting stock of the Company, approved the President's Report and the Audited Financial Statements for the fiscal year ended June 30, 2025.

VI. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS INCLUDING THE INDEPENDENT DIRECTORS FOR THE ENSUING YEAR

The next agenda item, as noted by Mr. Liu, is the election of the members of the Board of Directors for the ensuing year. Ms. Corazon P. Guidote, the Chairman of the Nominations Committee, was requested to confirm that the nomination procedures undertaken by the Committee are in accordance with applicable laws, rules and regulations.

Consequently, Ms. Guidote confirmed that the members of the Nominations Committee duly and timely received the names of the nominees for directors this year. Following such receipt, she confirmed that the Committee implemented procedures for their nominations, all of which are in accordance with the applicable laws, rules, and regulations of the Philippine Stock Exchange and the Securities and Exchange Commission. She likewise confirmed that all the nominees possess the qualifications and none of the disqualifications for them to be nominated as directors.

Thereafter, Atty. Lowela L. Concha, the Corporate Secretary, read the names of the persons who have been duly nominated in accordance with the provision of our By-Laws and who have been determined by the Board to be qualified to be elected as members of the Board of Directors, as follows:

1. Mr. Justin T. Liu
2. Mr. Michael Stephen T. Liu
3. Mr. Brian Gregory T. Liu
4. Ms. Divina Gracia G. Cabuloy
5. Ms. Sigrid Von D. De Jesus
6. Mr. Michael T. Barret

In addition to the said nomination, Atty. Concha noted that the following individuals who are qualified as independent directors were also duly nominated by a registered shareholder of the Company who is not a director, officer or substantial shareholder of the Company and is not related to either of the nominated independent directors. These nominees are listed as follows:

1. Mr. Senen L. Matoto
2. Ms. Corazon P. Guidote
3. Mr. Hector R. Villanueva

Atty. Concha observed that, since there are as many nominated directors as there are board seats, all the nine (9) nominees are qualified to be elected as directors of the Company comprising six (6) regular directors, and three (3) independent directors.

Mr. Liu noted that he, as Chairman, representing more than a majority of the issued and outstanding shares of the Company, and acting on the instructions given by the relevant holders of said shares, casted his votes attaching to his corresponding shares, in favor of all the nine (9)

nominees to the Board of Directors of the Company, in accordance with the instructions given in the relevant proxy forms. He noted that the final tabulation of the actual votes cast in favor of each nominee, including votes against and abstentions, shall be reflected in the minutes of the stockholders' meeting and in the relevant disclosures to be filed by the Company with the Securities and Exchange Commission and the Philippine Stock Exchange.

As confirmed by the tabulators and the Corporate Secretary, Atty. Concha, all directors each received votes consisting of 11,776,149,004 shares in their favor. All nine (9) nominees have sufficient number of votes to be elected as directors of the Corporation for the ensuing year. All of the nine (9) nominees identified by the Assistant Corporate Secretary were elected as members of the Board of Directors of Figaro Culinary Group, Inc. for the ensuing year.

VII. RATIFICATION OF THE APPOINTMENT OF EXTERNAL AUDITOR FOR 2025 AND APPOINTMENT OF THE COMPANY'S EXTERNAL AUDITOR FOR FISCAL YEAR 2026

The last agenda item, as noted by Mr. Liu, relates to the ratification of the appointment of the Company's external auditor for Fiscal Year 2025 and the appointment of the external auditor for Fiscal Year 2026. The stockholders approved in the November 5, 2025 Special Stockholders Meeting the appointment of De Jesus & Teofilo, CPAs as external auditor for the Fiscal Year 2025 subject to the condition that the said auditor receives a Category "A" SEC Accreditation. Mr. Liu noted that there was a need to approve the appointment of De Jesus & Teofilo, CPAs as external auditor of the Company for the Fiscal Year 2026 subject to the condition that the said auditor receives a Category "A" SEC Accreditation.

Subsequently, there was a proposal, as noted by Mr. Liu, to reconfirm the appointment of De Jesus & Teofilo, CPAs as the external auditor for the Fiscal Year 2025, subject to the condition that the said auditor receives a Category "A" SEC Accreditation; and to re-appoint De Jesus & Teofilo, CPAs as the external auditor for Fiscal Year 2026, subject to the condition that the said auditor receives a Category "A" SEC Accreditation.

The stockholders owning or representing 11,776,149,004 shares equivalent to approximately 84%, or more than a majority of the entire outstanding voting stock of the Company voted to reconfirm the appointment of De Jesus & Teofilo, CPAs as the external auditor of the Company for the Fiscal Year 2025, subject to the condition that the said auditor receives a Category "A" SEC Accreditation and to re-appoint De Jesus & Teofilo, CPAs as the external auditor for Fiscal Year 2026, subject to the condition that the said auditor receives a Category "A" SEC Accreditation.

Mr. Liu observed that, in view of the affirmative vote of more than a majority of the Company's outstanding voting stock, the reconfirmation of the appointment of De Jesus & Teofilo, CPAs as external auditor of the Company for Fiscal Year 2025 and their re-appointment as external auditor for Fiscal Year 2026, each subject to the condition that the said auditor receives a Category "A" SEC Accreditation, were approved by the stockholders.

VIII. OTHER MATTERS

The Chairman noted that there were no other matters which the stockholders seek to be addressed. Mr. Liu stated that, if there are questions on the part of any stockholder, an email may be sent to info@figaro.ph and the Company will endeavor to answer the questions via email.

XI. ADJOURNMENT

There being no other matters to be discussed, the meeting was, upon motion made and duly seconded, adjourned.

Certified Correct:

LOWELA L. CONCHA
Corporate Secretary

Attested by:

JUSTIN T. LIU
Chairman

Minutes Read and Approved:

MICHAEL STEPHEN T. LIU

BRIAN GREGORY T. LIU

DIVINA GRACIA G. CABULOY

SIGRID VON D. DE JESUS

MICHAEL T. BARRET

SENEN L. MATOTO

CORAZON P. GUIDOTE

HECTOR R. VILLANUEVA

Annex G

Fairness Opinion on the Planned Tender Offer by Figaro Coffee Systems, Inc. to the Shareholders of Figaro Culinary Group, Inc.

Prepared By:

October 7, 2026

This Fairness Opinion report (the “Report”) was prepared by:

MIB CAPITAL CORPORATION
(“MIB Capital” or the “Fairness Opinion Service Provider”)

Due to the nature of the study and the materiality of the information contained herein, the Report and its contents are strictly confidential.

This report was prepared by MIB Capital Corporation solely for the use of Figaro Coffee Systems Inc. (“FCSI”), in connection with its request for a fairness opinion on the terms of its planned tender offer for delisting purposes to the shareholders of Figaro Culinary Group, Inc. (“FCG”). In preparing this report, MIB Capital relied upon financial information, projections, assumptions, and other data which were either provided by FCSI, obtained from third-party sources or publicly available information, and considered these as reliable and accurate (the "Information").

MIB Capital assumed and relied upon the accuracy, completeness, and fair presentation of the Information, including assumptions, forecasts, and financial projections, which are presumed to reflect the most likely outcomes.

No representation or warranty, express or implied, is made by MIB Capital as to the accuracy or completeness of the Information or any conclusion derived from it. This report does not constitute an audit, certification, or guarantee of results, and MIB Capital, or any of its officers or employees, shall not be liable for any and all direct or consequential losses or damages arising from any use of this publication or its contents.

The analysis herein is based on market conditions and the Information made available to MIB Capital as of August 31, 2026. The conclusions are valid only for the stated purpose and shall not be used for any other purpose without prior written consent of MIB Capital.

Date of Report
October 7, 2026

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I. Executive Summary

OBJECTIVE

This report was prepared by MIB Capital Corporation as an independent Fairness Opinion Service Provider to Figaro Coffee Systems Inc. ("FCSI") in connection with its request for a fairness opinion on the terms of its planned tender offer for delisting purposes, to the shareholders of Figaro Culinary Group, Inc. ("FCG" or "the Company"), at a tender offer price of **Php 0.82 per share.**

ASSUMPTIONS & LIMITATIONS

In preparing this report, MIB Capital relied upon the documents and information enumerated in Part III of this report, which were either provided by FCSI or obtained from third-party sources or publicly available information.

For documents provided by FCSI, MIB Capital considered the data as reliable and accurate. We did not verify or validate any information presented by FCSI except where explicitly stated and discussed in the Results and Findings section of this report. The analysis and procedures performed by MIB Capital neither included verification work nor constituted an audit in accordance with Philippine Standards on Auditing.

For information acquired from third-party sources, MIB Capital assumed that the Information contained therein were complete and accurate. The financial projections used in the Discounted Cash Flow valuation were provided by FCSI.

This report includes assumptions based on economic and market conditions prevailing at the time of its preparation. If circumstances change significantly after the date of the Report, MIB Capital's valuation may be impacted.

FINDINGS

MIB Capital assessed the four (4) alternative valuation approaches and determined which of these would be most appropriate to value the shares of FCG. Based on our review, all four (4) methods were deemed applicable.

1. Discounted Cash Flow

Since FCG is considered a going concern, it is expected to generate future free cash flows to equity. As such, the Discounted Cash Flow (DCF) method is considered as an appropriate valuation methodology.

For this methodology, we used the financial projections up to 2031 submitted by FCSI as basis. We then computed for FCG's annual Free Cash Flows to Equity (FCFE) and discounted the same to their net present values as of August 31, 2026, using a discount rate of 12.4379%. The discount rate was computed using the Capital Asset Pricing Model, as summarized below.

The resulting valuation using the DCF method is **Php 4,090,760,049.71** or **Php 0.75** per share.

Capital Asset Pricing Model	
Market Risk Premium	6.5565%
x Beta	0.8194
Product	5.3724%
+ Risk-Free Rate	7.0656%
Cost of Equity	**12.4379%**

In Php Millions	2026	2027	2028	2029	2030	2031
Free Cash Flows to Equity (FCFE)	11.24	349.21	487.89	546.15	577.97	467.63
Terminal Value						4,129.31
PV Factor	1.0197	0.9069	0.8066	0.7174	0.6380	0.5674
NPV of the FCFE	**11**	**317**	**394**	**392**	**369**	**2,608**
Sum of the Net Present Value of the FCFE						**4,090.76**
Number of Shares						5,468,455,298
Per Share Value						0.75

A detailed presentation is shown in Annex A.

2. Volume-Weighted Average Price

Since FCG is a publicly listed company, we also considered the VWAP method to value its shares.

We used the stock prices and trading volume data from Bloomberg, with the one-year lookback period set at August 31, 2026. The daily traded prices were further weighted using their respective trading volumes, resulting in a computed value of **Php 0.61 per share**, as presented in Annex B.

3. Relative Valuation

For the Relative Valuation approach, we identified comparable companies whose operations are similar to that of FCG. The selected peer group comprises restaurant and dining businesses from both the Philippines and the ASEAN region.

We took the average EV-to-EBITDA and Price-to-Book (P/B) of the comparable companies and the resulting averages were applied to the latest audited financial information of FCG, as summarized in the tables below.

Relative Valuation (in PHP Millions, except for ratios)	
Peers' Average EV-to-EBITDA Ratio	3.8800
Latest FY EBITDA of FCG	1,457.05
Enterprise Value	5,653.36
Less: Latest FY Debt & Debt Equivalents	1,731.03
Less: Latest FY Preferred Shares	42.50

Add: Latest FY Cash & Cash Equivalents	331.30
Equity Value using the EV-to-EBITDA Ratio	4,211.13
Net Equity Value using the EV-to-EBITDA Ratio	**4,211.13**
Peers' Average P/B Ratio	**0.5900**
Latest FY Shareholders' Equity of FCG Less Preferred Equity	3,529.75
Equity Value using the P/B Ratio	2,082.55
Equity Value using the P/B Ratio	**2,082.55**
Average of the Equity Values	
Equity Value using the EV-to-EBITDA Ratio	4,211.13
Equity Value using the P/B Ratio	2,082.55
AVERAGE	**3,146.84**
Number of Outstanding Shares	5,468,455,298
Per-Share Value	**0.58**

Taken together, EV/EBITDA and P/B offer complementary valuation perspectives: EV/EBITDA assesses value relative to operating performance, while P/B evaluates equity value relative to the capital invested in the business.

Using the average equity value and FCG's total outstanding shares, we computed an average value of **Php 0.58 per share**.

4. Net Asset Value

For the Net Asset Value method, we used FCG's unaudited interim financial statements as of March 31, 2026. We reviewed the financial statements and focused on asset accounts that made up at least 5% of the Total Assets, and determined whether we needed to adjust any of these asset accounts to their net realizable values.

All other assets were retained as is. We also did not make any adjustment to the Company's Liabilities, as these were expected to be existing obligations.

After deducting the liabilities from the assets, we arrived at a net equity value of **Php 3,923,957,761.00 or Php 0.72 per share.** The NAV computation is presented in Annex D of this Report.

CONCLUSION

Based on the review of the operation, financial condition and projections on the performance of FCG, we deemed all four (4) methods appropriate in valuing the Company.

Using the information submitted to and secured by MIB Capital and our pertinent analyses thereof, the resulting range of value per share is between **Php 0.58 to Php 0.75 per share**. Based on this range, the tender offer price of **Php 0.82** per share is fair from a financial point of view.

Valuation Method	Value Per Share
Discounted Cash Flow	0.75
Volume-Weighted Average Price	0.61
Relative Valuation	0.58
Net Asset Value	0.72

II. Objective

This report was prepared by MIB Capital Corporation as an independent Fairness Opinion Service Provider to Figaro Coffee Systems Inc. ("FCSI") in connection with its request for a fairness opinion on the terms of its planned tender offer for delisting purposes, to the shareholders of Figaro Culinary Group, Inc. ("FCG" or "the Company"), at a tender offer price of **Php 0.82 per share.**

III. Sources of Information

For this Fairness Opinion Report, FCSI provided the following information and materials:

- General Information Sheets of FCSI and FCG as of 2025
- Projected Financial Statements of FCG covering the years 2026 to 2031 (Prepared by FCG)
- Secretary's Certificate of the Authorized Signatories of FCSI and FCG dated August 20, 2026
- Certified List of Directors of FCSI and FCG dated September 7, 2026
- Audited financial statements of FCG as of June 30, 2025
- Interim financial statements of FCG as of March 31, 2026

Aside from the above, MIB Capital also referred to Bloomberg for the following information:

- One-year historical stock prices and trading volumes of the shares of FCG ending on August 31, 2026
- Three-month average of the 5-Year PHP BVAL as of August 31, 2026
- Price multiples of the comparable companies of FCG taken on August 31, 2026

For the company background, we made use of the information published in FCG's official website: https://www.figaro.ph/.

We also made use of New York University Professor Aswath Damodaran's Equity Risk Premium for the Philippines as of July 1, 2026, and his Levered and Unlevered Betas for the Restaurant/Dining industry in emerging markets as published on the website: http://pages.stern.nyu.edu/~adamodar/.

IV. Assumptions and Limitations of the Study

In preparing this report, MIB Capital relied upon the documents and information enumerated in Part III, which were either provided by FCSI or obtained from third-party sources or publicly available information.

For documents provided by FCSI, MIB Capital considered the data as reliable and accurate. We did not verify or validate any information presented by FCSI except where explicitly stated and discussed in the Results and Findings section of this report. The analysis and procedures performed by MIB Capital neither included verification work nor constituted an audit in accordance with Philippine Standards on Auditing.

For information acquired from third-party sources, MIB Capital assumed that the Information contained therein were complete and accurate. The financial projections used in the Discounted Cash Flow valuation were provided by FCSI.

This report includes assumptions based on economic and market conditions prevailing at the time of its preparation. If circumstances change significantly after the date of the Report, MIB Capital's valuation may be impacted.

V. Company Background

A. Corporate Background

Figaro Culinary Group Inc. (FCG), formerly known as Figaro Coffee Group Inc., was incorporated on July 6, 2018 as a wholly-owned subsidiary of Carmethus Holdings, Inc. The Company processes, manufactures, packages food products, as well as establishes, invests, develops, operates, and maintains restaurants and coffee shops, among others.

FCG has one fully-operational subsidiary, FCSI, through which it operates and franchises a network of retail restaurants. These restaurants include Angel's Pizza, Figaro Coffee, Tien Ma's, and Koobideh Kebab. According to FCG's website, the group has a total of 235 stores nationwide as of October 2026.

Angel's Pizza is a Philippine quick-service restaurant chain operating under FCG. The brand maintains 171 domestic locations. Its product catalog centers on hand-tossed pizzas alongside side items such as pasta, chicken, and calzones. Within FCG's portfolio, the brand serves as the primary revenue driver, contributing 70.7% of the company's major product sales in 2025.

Figaro Coffee is a Philippine coffeehouse chain specializing in European-style cafe service and beverage retail. The brand operates at 55 domestic locations. Its menu offerings encompass brewed coffee from local and imported beans, espresso-based beverages, teas, pastries, sandwiches, and pasta dishes. Financial disclosures show the coffeehouse operations generated 26.7% of FCG's major product revenue in 2025.

Tien Ma is a casual-dining restaurant chain in the Philippines focused on Taiwanese culinary offerings. The brand runs 7 operational locations nationwide. The menu emphasizes traditional Taiwanese staples, including xiao long bao, beef noodle soup, fried chicken, pork chops, and family-style stir-fried dishes. In 2025, the brand accounted for 2.6% of FCG's major product revenue.

Koobideh Kebab is a Middle Eastern casual-dining concept operating under Figaro Culinary Group, with 2 Metro Manila locations in Makati (Bel-Air) and Ortigas. The menu centers on Middle Eastern cuisine, specifically skewer-grilled beef and chicken koobideh served with chelo or biryani rice, pita, and garlic or chili sauces. It only accounts for a minimal portion of the group's major product revenue.

B. Board of Directors

Presented in the table below is the Board of Directors of FCG according to the company's official website:

Name	Position
Chairman Emeritus	Jerry S. Liu
Chairman	Justin T. Liu
Director	Michael Stephen T. Liu
Director	Brian Gregory T. Liu
Director	Divina Gracia G. Cabuloy
Director	Sigrid Von D. De Jesus
Director	Michael T. Barret
Independent Director	Senen L. Matoto
Independent Director	Corazon P. Guidote
Independent Director	Hector V. Villanueva

VI. Results and Findings

Valuation Approaches

To estimate the value of FCG, four (4) alternative approaches were considered:

1. Income Approach - Discounted Cash Flow (DCF)

The DCF approach is used to estimate the value of an investment in a company by using projections of future free cash flow of the Company to equity investors and discounting them to arrive at a present value. The discount rate is equivalent to the rate of return that equity investors require to finance a project. This is normally based on the risk-free rate plus a risk premium multiplied by the beta coefficient of the subject company – a measure of the volatility of the stock relative to the movements of the market. The higher the perceived risk of an investment, the higher the risk premium should be. The total present value of these future earnings, including the terminal value, if applicable, represents the theoretical price of the shares.

2. Market Approach - Volume-Weighted Average Share Price (VWAP)

The volume-weighted average share price approach considers the share price of a publicly listed and traded company in a given trading period. This method uses a market determined valuation and is applicable for companies that are publicly traded and with significant liquidity and trading activity. However, it is not applicable for privately held companies and not appropriate for publicly listed companies with illiquid or thinly traded shares.

3. Market Approach - Relative Valuation (RV)

Another approach to stock valuation is the Relative Valuation Method which measures the value of the subject company relative to that of another company or a group of companies. It typically uses price multiples of comparable companies. Comparable firms are defined as those in the same line of business, with similar growth and risk profile. The rationale behind price multiples is the need to evaluate a stock's price in relation to what it buys in terms of assets, earnings or some other measure of value.

There are several multiples which can be used to calculate the price of a stock of a company being valued, among which are the EV-to-EBITDA Ratio, Price-to-Book (P/B) ratio and Price Earnings (PE) ratio.

4. Asset Approach - Net Asset Value (NAV)

The Net Asset Value approach derives the value of a company from the adjustment of the assets and liabilities to reflect their net realizable values. This method is deemed to provide a more meaningful valuation of asset-intensive businesses such as natural resource companies and property firms. This approach is also used to value companies that are projected to incur losses over a period of time.

B. Methods Used:

MIB Capital assessed the four (4) alternative valuation approaches and determined which of these would be most appropriate to value the shares of FCG. Based on our review, all four (4) methods were deemed applicable.

1. Discounted Cash Flow

Since FCG is considered a going concern, it is expected to generate future free cash flows to equity. As such, the Discounted Cash Flow (DCF) method is considered as an appropriate valuation methodology.

For this methodology, we used the financial projections up to 2031 submitted by FCSI as basis. We reviewed the projected numbers and the relevant assumptions used in the model, such as the projected revenues and expenses. We noted that FCG's main source of revenue is from restaurant and dining services, with majority coming from Angel's Pizza. Based on the financial projections, the gross revenue of FCG was projected to grow at an average annual growth rate of 14% from 2026 to 2031. In comparison, historical average annual growth rate of revenues was at 16%. Other key assumptions supporting such projections, not limited to capital expenditures, cost structures, and market conditions, were all reviewed by MIB Capital vis-à-vis the historical financial performance of FCG. We found the use of these projections reasonable and appropriate based on our review of historical data.

We then computed for FCG's annual Free Cash Flows to Equity (FCFE) and discounted the same to their net present values as of August 31, 2026, using a discount rate of 12.4379%.

The discount rate was computed using the Capital Asset Pricing Model, as summarized below:

Capital Asset Pricing Model	
Market Risk Premium	6.5565%
x Beta	0.8194
Product	5.3724%
+ Risk-Free Rate	7.0656%
Cost of Equity	**12.4379%**

Notes:

- *Market Risk Premium – This is based on Mr. Aswath Damodaran's Equity Risk Premium for Philippines as of July 1, 2026.*
- *Beta – This represents Mr. Damodaran's Beta for the restaurant/dining industry in emerging markets, including the Philippines and other ASEAN countries dated January 5, 2026. We elected to use this beta number instead of the selected comparable companies' because Damodaran's beta is computed from a larger sample size yielding a more statistically reliable estimate of systematic business risk, consistent with accepted valuation practice.*
- *Risk-Free Rate – This represents the three-month average of the 5Y PHP BVAL ending August 31, 2026.*

Presented below is a summary of the resulting valuation using the DCF approach. A detailed presentation is shown in Annex A:

In Php Millions	2026	2027	2028	2029	2030	2031
Free Cash Flows to Equity (FCFE)	11.24	349.21	487.89	546.15	577.97	467.63
Terminal Value						4,129.31
PV Factor	1.0197	0.9069	0.8066	0.7174	0.6380	0.5674
NPV of the FCFE	**11**	**317**	**394**	**392**	**369**	**2,608**
Sum of the Net Present Value of the FCFE						**4,090.76**
Number of Shares						5,468,455,298
Per Share Value						0.75

The resulting valuation using the DCF method is **Php 4,090,760,049.71** or **Php 0.75** per share.

2. Volume-Weighted Average Price

Since FCG is a publicly listed company, we also considered the VWAP method to value its shares.

We used the stock prices and trading volume data from Bloomberg, with the one-year lookback period set at August 31, 2026. The daily traded prices were further weighted using their respective trading volumes, resulting in a computed value of **Php 0.61 per share**, as presented in Annex B.

3. Relative Valuation

For the Relative Valuation approach, we identified comparable companies whose operations are similar to that of FCG. The selected peer group comprises restaurant and dining businesses from both the Philippines and the ASEAN region.

Bloomberg Ticker	Name	Nature of Business
PIZZA PM Equity	SHAKEY'S PIZZA ASIA VENTURES	Domestic mid-cap operator focused on delivery-heavy, family-style pizza and chicken, paired with high-margin beverage extensions like R&B Milk Tea.
MAXS PM Equity	MAX'S GROUP INC	Direct domestic micro-cap peer combining off-premise, delivery-focused pizza (Yellow Cab) with daily coffee and bakery channels (Krispy Kreme).
PZZA IJ Equity	SARIMELATI KENCANA PT	Direct regional micro-cap peer operating pure-play value pizza delivery and casual dining outlets across Indonesia (Pizza Hut Indonesia).

We also considered other names such as Jollibee Foods Corporation and Minor International PCL. However, these companies were excluded from the comparable set due to due to significant variances in business mix and risk profiles, including disparities in market capitalization, revenue composition, and geographic footprint.

We took the average EV-to-EBITDA and Price-to-Book (P/B) of the comparable companies and the resulting averages were applied to the latest audited financial information of FCG, as summarized in the tables below.

Relative Valuation (in PHP Millions, except for ratios)	
Peers' Average EV-to-EBITDA Ratio	3.8800
Latest FY EBITDA of FCG	1,457.05
Enterprise Value	5,653.36
Less: Latest FY Debt & Debt Equivalents	1,731.03
Less: Latest FY Preferred Shares	42.50
Add: Latest FY Cash & Cash Equivalents	331.30
Equity Value using the EV-to-EBITDA Ratio	4,211.13
Net Equity Value using the EV-to-EBITDA Ratio	**4,211.13**
Peers' Average P/B Ratio	**0.5900**
Latest FY Shareholders' Equity of FCG Less Preferred Equity	3,529.75
Equity Value using the P/B Ratio	2,082.55
Equity Value using the P/B Ratio	**2,082.55**
Average of the Equity Values	
Equity Value using the EV-to-EBITDA Ratio	4,211.13
Equity Value using the P/B Ratio	2,082.55
AVERAGE	**3,146.84**
Number of Outstanding Shares	5,468,455,298
Per-Share Value	**0.58**

The Price-to-Earnings (P/E) multiple was excluded from the relative valuation methodology due to significant capital structure differences between FCG and its selected peer group. FCG has minimal leverage whereas companies from the peer group have substantially higher debt levels. P/E multiples may be affected by differences in capital structure rather than underlying operating performance, potentially limiting comparability across the peer group. The comparable companies also reported negative or highly variable earnings in recent periods, resulting in negative or inconsistent P/E multiples. Using those P/E multiples may therefore not provide a reliable comparison to the Company, which has generated consistently positive earnings.

Instead, we used the EV/EBITDA multiples of the selected comparable companies. EV/EBITDA is capital-structure neutral, measuring operating performance before interest, taxes and non-cash charges, and is therefore more appropriate given the differences in leverage across the peer group.

We also considered P/B multiples over P/E. While leverage also affects P/B, the impact is less direct, as financing costs do not directly impact book value of equity in the same way that net income is affected. Given the Company's store-based model and its reliance on continued investment in physical locations to support growth, we believe that book value of equity is a relevant measure of the capital invested in its operating platform.

Taken together, EV/EBITDA and P/B offer complementary valuation perspectives: EV/EBITDA assesses value relative to operating performance, while P/B evaluates equity value relative to the capital invested in the business.

Using the average equity value and FCG's total outstanding shares, we computed an average value of **Php 0.58 per share**.

4. Net Asset Value

For the Net Asset Value method, we used FCG's unaudited interim financial statements as of March 31, 2026. We reviewed the financial statements and focused on asset accounts that made up at least 5% of the Total Assets, and determined whether we needed to adjust any of these asset accounts to their net realizable values.

Cash – Based on the Notes to the interim FS, cash included cash on hand and cash in banks. Meanwhile, there were no reported restricted cash under this account. Hence, we deemed no adjustments were needed, as the carrying amount of cash was assumed to approximate its net realizable value.

Inventories – Based on the Notes to the interim FS, inventories pertained to food, beverages, and store & kitchen supplies. Furthermore, the reported items were all expected to be recovered within 12 months after the reporting period. It was also explicitly stated that losses were not expected to arise from commitments pertaining to this asset item. Hence, no adjustments were made to this asset account.

Property and Equipment - net – Based on the Notes to the interim FS, all the PPE were carried at cost less accumulated depreciation. Since these figures already factored in replacement, construction costs, and other related costs, we determined no further adjustment was needed. Furthermore, we were unable to validate the actual value of these asset items since no separate appraisal reports were provided to us.

All other assets were retained as is. We also did not make any adjustment to the Company's Liabilities, as these were expected to be existing obligations.

After deducting the liabilities from the assets, we arrived at a net equity value of **Php 3,923,957,761.00 or Php 0.72 per share.** The NAV computation is presented in Annex D of this Report.

VII. Conclusion

Based on the review of the operation, financial condition and projections on the performance of FCG, we deemed all four (4) methods appropriate in valuing the Company.

Using the information submitted to and secured by MIB Capital and our pertinent analyses thereof, the resulting range of value per share is between **Php 0.58 to Php 0.75 per share**. Based on this range, the tender offer price of **Php 0.82** per share is fair from a financial point of view.

Valuation Method	Value Per Share
Discounted Cash Flow	0.75
Volume-Weighted Average Price	0.61
Relative Valuation	0.58
Net Asset Value	0.72

This report was prepared by the Corporate Finance Group and subsequently reviewed and approved by the President of MIB Capital. It did not go through any of the committees of our firm for approval.

Report Prepared by:
MIB CAPITAL CORPORATION

Dindo Antonio T. Caguiat
President
TIN # 165-560-483

Evan James T. Valera
Vice President
TIN # 427-034-031

22/F Multinational Bancorporation Centre, 6805 Ayala Avenue, Makati City
PSE Accreditation valid up to three years from April 29, 2024, as contained in PSE Memorandum No. 2024-0027

Date of Report: October 7, 2026

ANNEX A – DISCOUNTED CASH FLOW

In Php Millions	2026	2027	2028	2029	2030	2031
Profit Before Taxes	565.68	456.26	554.65	532.19	476.34	558.38
Change in Net Working Capital	(64.33)	(108.48)	(112.83)	(112.74)	(115.87)	(119.62)
Less: Taxes Paid	(33.94)	(27.38)	(33.28)	(31.93)	(28.58)	(139.59)
Less: Capital Expenditures	(1,020.30)	(663.49)	(732.20)	(808.36)	(892.81)	(986.48)
Add: Depreciation & Amortization	683.84	783.55	811.54	967.00	1,138.89	1,154.95
Net Financing Activities	(119.69)	(91.25)	-	-	-	-
Free Cash Flows to Equity (FCFE)	11.24	349.21	487.89	546.15	577.97	467.63
Terminal Value						4,129.31
PV Factor	1.0197	0.9069	0.8066	0.7174	0.6380	0.5674
NPV of the FCFE	**11**	**317**	**394**	**392**	**369**	**2,608**
Sum of the Net Present Value of the FCFE						**4,090.76**
Number of Shares						5,468,455,298
Per Share Value						0.75

Capital Asset Pricing Model	
Market Risk Premium	6.5565%
x Relevered Beta	0.8194
Product	5.3724%
+ Risk-Free Rate	7.0656%
Cost of Equity	**12.4379%**
Growth Rate	**1.00%**

ANNEX B – VOLUME-WEIGHTED AVERAGE PRICE

Presented below is the VWAP computation for the shares of FCG for a one-year period ending on August 31, 2026.

Date	Price	Volume	Volume Weight	Weighted Price
8/28/2026	0.65	1,230,000	0.4754%	0.0031
8/27/2026	0.66	454,000	0.1755%	0.0012
8/26/2026	0.69	6,615,000	2.5570%	0.0176
8/25/2026	0.67	1,055,000	0.4078%	0.0027
8/24/2026	0.66	11,645,000	4.5013%	0.0297
8/20/2026	0.64	3,240,000	1.2524%	0.0080
8/19/2026	0.65	2,632,000	1.0174%	0.0066
8/18/2026	0.61	868,000	0.3355%	0.0020
8/17/2026	0.62	491,000	0.1898%	0.0012
8/14/2026	0.62	1,838,000	0.7105%	0.0044
8/13/2026	0.63	247,000	0.0955%	0.0006
8/12/2026	0.64	3,407,000	1.3169%	0.0084
8/11/2026	0.65	41,578,000	16.0716%	0.1045
8/10/2026	0.60	891,000	0.3444%	0.0021
8/7/2026	0.63	2,156,000	0.8334%	0.0053
8/6/2026	0.60	1,025,000	0.3962%	0.0024
8/5/2026	0.58	241,000	0.0932%	0.0005
8/4/2026	0.60	972,000	0.3757%	0.0023
8/3/2026	0.59	3,302,000	1.2764%	0.0075
7/31/2026	0.56	104,000	0.0402%	0.0002
7/30/2026	0.56	76,000	0.0294%	0.0002
7/29/2026	0.55	202,000	0.0781%	0.0004
7/28/2026	0.56	201,000	0.0777%	0.0004
7/27/2026	0.56	278,000	0.1075%	0.0006
7/24/2026	0.58	1,229,000	0.4751%	0.0028
7/23/2026	0.56	1,316,000	0.5087%	0.0028
7/22/2026	0.56	185,000	0.0715%	0.0004
7/21/2026	0.57	212,000	0.0819%	0.0005
7/20/2026	0.56	107,000	0.0414%	0.0002
7/17/2026	0.56	125,000	0.0483%	0.0003
7/16/2026	0.57	1,793,000	0.6931%	0.0040
7/15/2026	0.56	188,000	0.0727%	0.0004
7/14/2026	0.57	262,000	0.1013%	0.0006
7/13/2026	0.56	326,000	0.1260%	0.0007
7/10/2026	0.56	169,000	0.0653%	0.0004

7/9/2026	0.57	1,436,000	0.5551%	0.0032
7/8/2026	0.58	281,000	0.1086%	0.0006
7/7/2026	0.58	4,789,000	1.8511%	0.0107
7/6/2026	0.53	623,000	0.2408%	0.0013
7/3/2026	0.53	260,000	0.1005%	0.0005
7/2/2026	0.51	666,000	0.2574%	0.0013
7/1/2026	0.54	160,000	0.0618%	0.0003
6/30/2026	0.53	68,000	0.0263%	0.0001
6/29/2026	0.53	1,231,000	0.4758%	0.0025
6/26/2026	0.53	2,633,000	1.0178%	0.0054
6/25/2026	0.55	362,000	0.1399%	0.0008
6/24/2026	0.56	46,000	0.0178%	0.0001
6/23/2026	0.56	1,183,000	0.4573%	0.0026
6/22/2026	0.55	92,000	0.0356%	0.0002
6/19/2026	0.55	253,000	0.0978%	0.0005
6/18/2026	0.55	72,000	0.0278%	0.0002
6/17/2026	0.53	208,000	0.0804%	0.0004
6/16/2026	0.55	146,000	0.0564%	0.0003
6/15/2026	0.55	328,000	0.1268%	0.0007
6/11/2026	0.54	340,000	0.1314%	0.0007
6/10/2026	0.53	376,000	0.1453%	0.0008
6/9/2026	0.56	186,000	0.0719%	0.0004
6/8/2026	0.54	574,000	0.2219%	0.0012
6/5/2026	0.55	54,000	0.0209%	0.0001
6/4/2026	0.54	79,000	0.0305%	0.0002
6/3/2026	0.55	176,000	0.0680%	0.0004
6/2/2026	0.53	181,000	0.0700%	0.0004
6/1/2026	0.56	160,000	0.0618%	0.0003
5/29/2026	0.53	342,000	0.1322%	0.0007
5/28/2026	0.56	65,000	0.0251%	0.0001
5/26/2026	0.56	21,000	0.0081%	0.0000
5/25/2026	0.55	80,000	0.0309%	0.0002
5/22/2026	0.54	1,638,000	0.6332%	0.0034
5/21/2026	0.56	65,000	0.0251%	0.0001
5/20/2026	0.55	383,000	0.1480%	0.0008
5/19/2026	0.54	177,000	0.0684%	0.0004
5/18/2026	0.56	75,000	0.0290%	0.0002
5/15/2026	0.56	1,070,000	0.4136%	0.0023
5/14/2026	0.55	84,000	0.0325%	0.0002
5/13/2026	0.54	55,000	0.0213%	0.0001
5/12/2026	0.56	174,000	0.0673%	0.0004

5/11/2026	0.56	136,000	0.0526%	0.0003
5/8/2026	0.55	413,000	0.1596%	0.0009
5/7/2026	0.56	508,000	0.1964%	0.0011
5/6/2026	0.57	43,000	0.0166%	0.0001
5/5/2026	0.57	173,000	0.0669%	0.0004
5/4/2026	0.57	128,000	0.0495%	0.0003
4/30/2026	0.57	78,000	0.0302%	0.0002
4/29/2026	0.57	31,000	0.0120%	0.0001
4/28/2026	0.57	185,000	0.0715%	0.0004
4/27/2026	0.56	57,000	0.0220%	0.0001
4/24/2026	0.56	549,000	0.2122%	0.0012
4/23/2026	0.57	58,000	0.0224%	0.0001
4/22/2026	0.57	1,622,000	0.6270%	0.0036
4/21/2026	0.57	133,000	0.0514%	0.0003
4/20/2026	0.56	383,000	0.1480%	0.0008
4/17/2026	0.57	370,000	0.1430%	0.0008
4/16/2026	0.57	130,000	0.0503%	0.0003
4/15/2026	0.57	969,000	0.3746%	0.0021
4/14/2026	0.57	44,000	0.0170%	0.0001
4/13/2026	0.57	147,000	0.0568%	0.0003
4/10/2026	0.57	1,378,000	0.5327%	0.0030
4/8/2026	0.57	777,000	0.3003%	0.0017
4/7/2026	0.57	1,156,000	0.4468%	0.0025
4/6/2026	0.56	686,000	0.2652%	0.0015
4/1/2026	0.57	283,000	0.1094%	0.0006
3/31/2026	0.56	89,000	0.0344%	0.0002
3/30/2026	0.57	200,000	0.0773%	0.0004
3/27/2026	0.57	121,000	0.0468%	0.0003
3/26/2026	0.58	167,000	0.0646%	0.0004
3/25/2026	0.58	322,000	0.1245%	0.0007
3/24/2026	0.58	323,000	0.1249%	0.0007
3/23/2026	0.58	4,751,000	1.8365%	0.0107
3/19/2026	0.58	2,987,000	1.1546%	0.0067
3/18/2026	0.58	218,000	0.0843%	0.0005
3/17/2026	0.58	456,000	0.1763%	0.0010
3/16/2026	0.56	235,000	0.0908%	0.0005
3/13/2026	0.58	31,000	0.0120%	0.0001
3/12/2026	0.57	302,000	0.1167%	0.0007
3/11/2026	0.59	219,000	0.0847%	0.0005
3/10/2026	0.60	2,469,000	0.9544%	0.0057
3/9/2026	0.56	2,180,000	0.8427%	0.0047

3/6/2026	0.59	302,000	0.1167%	0.0007
3/5/2026	0.60	535,000	0.2068%	0.0012
3/4/2026	0.59	1,813,000	0.7008%	0.0041
3/3/2026	0.60	614,000	0.2373%	0.0014
3/2/2026	0.61	737,000	0.2849%	0.0017
2/27/2026	0.63	1,219,000	0.4712%	0.0030
2/26/2026	0.63	488,000	0.1886%	0.0012
2/25/2026	0.63	341,000	0.1318%	0.0008
2/24/2026	0.62	235,000	0.0908%	0.0006
2/23/2026	0.60	869,000	0.3359%	0.0020
2/20/2026	0.62	2,870,000	1.1094%	0.0069
2/19/2026	0.62	320,000	0.1237%	0.0008
2/18/2026	0.61	1,395,000	0.5392%	0.0033
2/16/2026	0.61	1,032,000	0.3989%	0.0024
2/13/2026	0.60	722,000	0.2791%	0.0017
2/12/2026	0.60	253,000	0.0978%	0.0006
2/11/2026	0.61	379,000	0.1465%	0.0009
2/10/2026	0.61	282,000	0.1090%	0.0007
2/9/2026	0.61	402,000	0.1554%	0.0009
2/6/2026	0.62	997,000	0.3854%	0.0024
2/5/2026	0.60	2,273,000	0.8786%	0.0053
2/4/2026	0.59	362,000	0.1399%	0.0008
2/3/2026	0.59	164,000	0.0634%	0.0004
2/2/2026	0.58	156,000	0.0603%	0.0003
1/30/2026	0.59	70,000	0.0271%	0.0002
1/29/2026	0.58	1,066,000	0.4121%	0.0024
1/28/2026	0.60	2,192,000	0.8473%	0.0051
1/27/2026	0.59	1,317,000	0.5091%	0.0030
1/26/2026	0.60	2,788,000	1.0777%	0.0065
1/23/2026	0.59	118,000	0.0456%	0.0003
1/22/2026	0.59	784,000	0.3030%	0.0018
1/21/2026	0.59	450,000	0.1739%	0.0010
1/20/2026	0.60	735,000	0.2841%	0.0017
1/19/2026	0.60	673,000	0.2601%	0.0016
1/16/2026	0.60	1,771,000	0.6846%	0.0041
1/15/2026	0.60	2,183,000	0.8438%	0.0051
1/14/2026	0.60	2,154,000	0.8326%	0.0050
1/13/2026	0.60	398,000	0.1538%	0.0009
1/12/2026	0.60	1,137,000	0.4395%	0.0026
1/9/2026	0.61	566,000	0.2188%	0.0013
1/8/2026	0.61	930,000	0.3595%	0.0022

1/7/2026	0.60	529,000	0.2045%	0.0012
1/6/2026	0.60	328,000	0.1268%	0.0008
1/5/2026	0.61	879,000	0.3398%	0.0021
1/2/2026	0.59	537,000	0.2076%	0.0012
12/29/2025	0.58	2,162,000	0.8357%	0.0048
12/26/2025	0.58	326,000	0.1260%	0.0007
12/23/2025	0.59	706,000	0.2729%	0.0016
12/22/2025	0.59	4,055,000	1.5674%	0.0092
12/19/2025	0.57	532,000	0.2056%	0.0012
12/18/2025	0.57	333,000	0.1287%	0.0007
12/17/2025	0.56	1,745,000	0.6745%	0.0038
12/16/2025	0.55	1,051,000	0.4063%	0.0022
12/15/2025	0.55	733,000	0.2833%	0.0016
12/12/2025	0.54	246,000	0.0951%	0.0005
12/11/2025	0.54	293,000	0.1133%	0.0006
12/10/2025	0.55	515,000	0.1991%	0.0011
12/9/2025	0.55	1,868,000	0.7221%	0.0040
12/5/2025	0.54	1,571,000	0.6073%	0.0033
12/4/2025	0.56	579,000	0.2238%	0.0013
12/3/2025	0.56	1,000,000	0.3865%	0.0022
12/2/2025	0.57	344,000	0.1330%	0.0008
12/1/2025	0.56	194,000	0.0750%	0.0004
11/28/2025	0.57	754,000	0.2915%	0.0017
11/27/2025	0.57	519,000	0.2006%	0.0011
11/26/2025	0.57	922,000	0.3564%	0.0020
11/25/2025	0.55	671,000	0.2594%	0.0014
11/24/2025	0.55	373,000	0.1442%	0.0008
11/21/2025	0.55	217,000	0.0839%	0.0005
11/20/2025	0.54	657,000	0.2540%	0.0014
11/19/2025	0.56	1,718,000	0.6641%	0.0037
11/18/2025	0.57	1,423,000	0.5500%	0.0031
11/17/2025	0.58	1,929,000	0.7456%	0.0043
11/14/2025	0.56	1,674,000	0.6471%	0.0036
11/13/2025	0.57	215,000	0.0831%	0.0005
11/12/2025	0.56	1,330,000	0.5141%	0.0029
11/11/2025	0.58	350,000	0.1353%	0.0008
11/10/2025	0.58	583,000	0.2254%	0.0013
11/7/2025	0.58	1,022,000	0.3950%	0.0023
11/6/2025	0.59	2,174,000	0.8403%	0.0050
11/5/2025	0.60	1,041,000	0.4024%	0.0024
11/4/2025	0.60	200,000	0.0773%	0.0005

11/3/2025	0.61	273,000	0.1055%	0.0006
10/30/2025	0.60	1,093,000	0.4225%	0.0025
10/29/2025	0.61	72,000	0.0278%	0.0002
10/28/2025	0.59	59,000	0.0228%	0.0001
10/27/2025	0.61	581,000	0.2246%	0.0014
10/24/2025	0.61	286,000	0.1106%	0.0007
10/23/2025	0.61	330,000	0.1276%	0.0008
10/22/2025	0.61	144,000	0.0557%	0.0003
10/21/2025	0.61	333,000	0.1287%	0.0008
10/20/2025	0.62	161,000	0.0622%	0.0004
10/17/2025	0.61	512,000	0.1979%	0.0012
10/16/2025	0.60	791,000	0.3058%	0.0018
10/15/2025	0.61	1,216,000	0.4700%	0.0029
10/14/2025	0.61	474,000	0.1832%	0.0011
10/13/2025	0.62	1,414,000	0.5466%	0.0034
10/10/2025	0.62	337,000	0.1303%	0.0008
10/9/2025	0.61	1,540,000	0.5953%	0.0036
10/8/2025	0.62	986,000	0.3811%	0.0024
10/7/2025	0.62	1,456,000	0.5628%	0.0035
10/6/2025	0.63	478,000	0.1848%	0.0012
10/3/2025	0.63	1,130,000	0.4368%	0.0028
10/2/2025	0.63	225,000	0.0870%	0.0005
10/1/2025	0.64	3,483,000	1.3463%	0.0086
9/30/2025	0.64	1,000,000	0.3865%	0.0025
9/29/2025	0.64	44,000	0.0170%	0.0001
9/26/2025	0.63	545,000	0.2107%	0.0013
9/25/2025	0.63	973,000	0.3761%	0.0024
9/24/2025	0.64	1,666,000	0.6440%	0.0041
9/23/2025	0.64	248,000	0.0959%	0.0006
9/22/2025	0.64	322,000	0.1245%	0.0008
9/19/2025	0.64	4,266,000	1.6490%	0.0106
9/18/2025	0.65	1,589,000	0.6142%	0.0040
9/17/2025	0.64	1,271,000	0.4913%	0.0031
9/16/2025	0.64	1,788,000	0.6911%	0.0044
9/15/2025	0.64	206,000	0.0796%	0.0005
9/12/2025	0.65	563,000	0.2176%	0.0014
9/11/2025	0.64	5,998,000	2.3185%	0.0148
9/10/2025	0.65	1,106,000	0.4275%	0.0028
9/9/2025	0.63	1,662,000	0.6424%	0.0040
9/8/2025	0.65	1,148,000	0.4437%	0.0029
9/5/2025	0.65	901,000	0.3483%	0.0023

9/4/2025	0.63	596,000	0.2304%	0.0015
9/3/2025	0.64	1,047,000	0.4047%	0.0026
9/2/2025	0.64	289,000	0.1117%	0.0007
9/1/2025	0.63	181,000	0.0700%	0.0004
8/29/2025	0.64	173,000	0.0669%	0.0004

ANNEX C: Comparable Companies and Multiples used In Relative Valuation

Name	P/Book Ratio (8/31/2026)
SHAKEY'S PIZZA ASIA VENTURES	1.03
MAX'S GROUP INC	0.30
SARIMELATI KENCANA PT	0.59
Average	**0.6400**
Lower Limit @ 1 Standard Deviation	**0.3399**
Upper Limit @ 1 Standard Deviation	**0.9401**
Avg. P/Book Ratio (excl. Outliers which are Highlighted in Yellow)	0.5900

Name	EV-to-EBITDA Ratio (8/31/2026)
SHAKEY'S PIZZA ASIA VENTURES	6.58
MAX'S GROUP INC	3.88
SARIMELATI KENCANA PT	1.81
Average	**4.0900**
Lower Limit @ 1 Standard Deviation	**2.1370**
Upper Limit @ 1 Standard Deviation	**6.0430**
Avg. EV-to-EBITDA Ratio (excl. Outliers which are Highlighted in Yellow)	3.8800

ANNEX D – NET ASSET VALUE

in PHP (Thousands)	Mar. 31, 2026 (Unaudited)	Adjustments	Adjusted Figure
CURRENT ASSETS			
Cash	₱450.25		₱450.25
Trade and other receivable	201.90		201.90
Inventories	443.02		443.02
Prepayment and other current assets	218.09		218.09
Total Current Assets	₱1,313.27		₱1,313.27
NON-CURRENT ASSETS			
Property and equipment - net	₱4,219.54		₱4,219.54
Intangible assets - net	270.95		270.95
Right-of-use assets - net	297.05		297.05
Other non-current assets	50.99		50.99
Deferred tax assets	9.19		9.19
Total Noncurrent Assets	₱4,847.73		₱4,847.73
TOTAL ASSETS	**₱6,161.00**		**₱6,161.00**
CURRENT LIABILITIES			
Trade and other payables	₱402.19		₱402.19
Loans payable	646.67		646.67
Lease liabilities	3.03		3.03
Income tax payable	0.00		0.00
Total Current Liabilities	₱1,051.89		₱1,051.89
NON-CURRENT LIABILITIES			
Lease liabilities - net of current portion	₱187.20		₱187.20
Loans payable	980.00		980.00
Retirement benefits obligation	17.95		17.95
Total Noncurrent Liabilities	₱1,185.16		₱1,185.16
TOTAL LIABILITIES	**₱2,237.04**		**₱2,237.04**
TOTAL EQUITY	**₱3,923.96**		**₱3,923.96**
Less: Noncontrolling interests	-		-
NET ASSET VALUE	**₱3,923.96**		**₱3,923.96**
Number of Shares	5,468,455,298		5,468,455,298
Value Per Share	**0.72**		**0.72**

MIB CAPITAL CORPORATION

22/F MULTINATIONAL BANCORPORATION CENTRE
6805 AYALA AVENUE
MAKATI CITY 1226 PHILIPPINES
TELEPHONES (632) 8817-1511 TO 15
E-MAIL mib@mib.com.ph
WEBSITE http://www.mib.com.ph

October 7, 2026

Declarations pursuant to SEC Memorandum Circular No. 13 Series of 2013

In preparing the fairness opinion report on the planned tender offer for delisting purposes to be made by Figaro Coffee Systems, Inc. ("FCSI") to the shareholders of Figaro Culinary Group, Inc. ("FCG"), MIB Capital Corporation ("MIB Capital" or "MIB") declares the following:

1. The fairness opinion prepared by MIB Capital did not express an opinion about the fairness of the compensation in the planned tender offer to any of FCG's directors, officers or employees relative to the compensation to FCG's shareholders.

2. MIB Capital acted as a fairness opinion provider to FCSI as the buyer of the FCG shares. MIB Capital will be compensated a fixed amount in its role as fairness opinion provider and its fees are not contingent on the successful completion of the tender offer.

3. MIB Capital is not a related party to FCSI and FCG. MIB Capital does not have other circumstances or engagements, direct or indirect with FCSI and FCG that may influence or tend to influence, the objectivity and reliability of our fairness opinion report.

4. MIB Capital has no business interest or family relationship with FCSI or FCG, or any of their respective directors, officers or major stockholders that could, or could reasonably be perceived to, materially interfere with the exercise of the professional judgment of the firm, its representative or any member of the engagement team, in carrying out their responsibilities in assessing the fairness of FCG's securities, as required under Rule 19.2.6.1 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code (the "2015 SRC Rules").

5. MIB Capital is compliant with MIB Capital's General Engagement Operating Guidelines for Purposes of Issuing Fairness Opinions and Valuation Reports.

MIB CAPITAL CORPORATION

Dindo Antonio T. Caguiat
President

Evan James T. Valera
Vice President

ANNEX F: Overview of MIB Capital Corporation

MIB Capital Corporation was established in 1972 as Multinational Investment Bancorporation to make available a broad spectrum of financial intermediation services, arranging funding for businesses relevant to their changing requirements across their varied stages of development. Over the years, operating within an environment in a continued state of flux, we have adopted optimum flexibility in the nature and delivery of our services. We have shifted business focus in anticipation of and response to the demands of our clients.

We are not owned by any family or vested interest group whose objectives or interest may conflict with those of the clients we service. We are completely independent and non-aligned. We operate under a unique corporate structure which we call "Corporate Partnership" which imposes unlimited liability on our partner-officers for their professional acts involving conflicts of interest. This independence, professionalism and total commitment to our clients have given us the widest latitude to deal with the broadest spectrum of selected clients and to work with any financial institution, domestic or foreign.

MIB Capital is a non-aligned, professional and ALL Filipino institution. Our Board of Directors is comprised of the following:

Rene G. Bañez	Chairperson
Dindo Antonio T. Caguiat	Director / President
Marilou C. Cristobal	Director
Br. Felipe C. Belleza, Jr.	Director
Dina Joana S. Ocampo	Director
Celso L. Samaniego	Ex-Officio Director/ Senior Advisor

ANNEX G: MIB Capital's Profile of Associates involved in this Fairness Opinion Report

Dindo Antonio T. Caguiat
Director and President

He is a graduate of Ateneo de Manila University with a Bachelor of Science degree in Psychology. He also holds a Master of Science in Finance postgraduate degree from the University of the Philippines. He has more than 20 years of experience in finance and investment banking, and has served as President of MIB Capital Corporation since 2020.

Prior to joining MIB Capital Corporation, he worked at Intel Technology Philippines for five (5) years in various finance-related roles. He was also elected to the Board of the Investment House Association of the Philippines (IHAP) for three (3) terms.

Evan James T. Valera
Vice President and Treasurer

He graduated from Ateneo de Manila University in 2012 with a degree in Management Economics. He has been with MIB Capital Corporation for more than three (3) years and specializes in corporate finance and advisory services. He has over 14 years of combined experience in treasury, institutional banking, trust, and investment banking. He also completed the 19th Diploma Program in Corporate Finance: Company Valuation at the Ateneo de Manila University Graduate School of Business Center for Continuing Education in January 2024.

Jonnalyn C. Orga
Manager and Head of Accounting

She holds a Bachelor of Science in Accountancy degree from Adamson University, and graduated in 2013. A Certified Public Accountant, she passed the CPA licensure examination in 2016. She has been with MIB Capital Corporation for more than nine (9) years and has developed extensive experience in investment banking and corporate finance. She also completed the Valuation Seminar conducted by Professor Gavin Lee in February 2022.

Francis Josef V. Alvez
Analyst and Valuations Specialist

He graduated cum laude from the University of Asia and the Pacific in 2025, earning a master's degree in Industrial Economics and a bachelor's degree in Business Economics. Since joining MIB Capital Corporation in February 2026, he has worked as an Analyst, assessing the qualitative and financial risk profiles of corporate clients. In the same role, he is involved in business valuation and the preparation of valuation and fairness opinion reports through financial analysis, data gathering, and industry research.

Prior to MIB Capital, he served as a Research and Development Intern at Jones Lang LaSalle, where he conducted research and market analysis on the Philippine real estate sector.

October 2, 2026

MIB Capital Corporation
22nd Floor, Multinational Bancorporation Centre
6805 Ayala Avenue
Makati City 1226

Attention: **Dindo Antonio T. Caguiat**
President

Subject: Request for Confirmation of Independence

Dear Mr. Caguiat,

We refer to **MIB Capital Corporation's** ("**MIB**" of the **"Firm"**) request for confirmation of independence with regard to its engagement with Figaro Coffee Systems, Inc. ("FCSI") to render a fairness opinion report on its planned tender offer (the "Transaction") to the shareholders of Figaro Culinary Group, Inc. ("FCG", together with FCSI shall hereinafter be referred to as the "Parties") as part of the process for the intended voluntary delisting of FCG.

Based on the representations and documents provided by MIB, and in accordance with the Exchange's Guidelines for Fairness Opinion and Valuation Reports, as amended (the "Guidelines"), MIB has demonstrated its independence from the Parties. Thus, the Exchange confirms MIB's independence from the Parties for the purpose of issuing the relevant fairness opinion and valuation reports in connection with the above-mentioned Transaction.

Further, please be guided by the requirements for conducting valuation and issuing fairness opinions under existing laws, rules, and regulations, including the Exchange's Guidelines. In the event that MIB's representations are found to be false, inaccurate, misleading or incomplete, then this confirmation shall be deemed null and void and may be a ground for the revocation of its accreditation, among others.

Please be further informed that this should not be construed as an approval of the potential transaction nor of any subsequent application that may require the Exchange's action.

PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City 1634
Tel. No.: +632 8876 4888 Website: http://www.pse.com.ph

Lastly, please be advised that the Exchange's confirmation of Firm's independence is without prejudice to any pending matter, related or unrelated to the Transaction for which the confirmation is being issued, in connection with the Firm's compliance with the Exchange's requirements.

Very truly yours,

Ramon S. Monzon
President and CEO

ANNEX I: Certificate of Reliance

August 18, 2026

MIB Capital Corporation
22/F Multinational Bancorporation Centre
6805 Ayala Avenue, Makati City

Attention : **Mr. Dindo Antonio T. Caguiat**
President

Subject : Certificate of Reliance

Gentlemen:

This is to certify that to the best of our personal knowledge, the assumptions, revenue projections, cost and capital expenditure estimates as well as the projected balance sheets, income statements, and cash flow statements (collectively, "the Financial Projections") submitted by **Figaro Coffee Systems, Inc.** ("FCSI") to MIB Capital Corporation ("MIB Capital") for a fairness opinion report on its planned tender offer to the shareholders of Figaro Culinary Group, Inc. ("FCG" or the "Company") for delisting purposes.

We also certify that the information we disclosed about operations, structure, organization, industry standing, market share, and other similar information is accurate at the time of the disclosure.

Further, we shall indemnify and hold harmless MIB Capital and its directors, officers, employees and/or agents from any liability, loss or damage relating to or arising out of MIB Capital's reliance on the Financial Projections.

Very truly yours,

Figaro Coffee Systems, Inc.

DIVINA GRACIA G. CABULOY
Date: 04 SEP 2026

MIB CAPITAL CORPORATION

22/F MULTINATIONAL BANCORPORATION CENTRE
6805 AYALA AVENUE
MAKATI CITY 1226 PHILIPPINES
TELEPHONES: (632) 8817-1511 TO 15
EMAIL: mib@mib.com.ph
WEBSITE: http://www.mib.com.ph

September 3, 2026

Figaro Coffee Systems, Inc.
33 Mayon Street, Mandaluyong City,
1550 Metro Manila, Philippines

Attention: Mr. Justin T. Liu
Chairman

GENTLEMEN:

We are pleased to submit our proposal for MIB Capital Corporation ("MIB Capital") to act as Independent Financial Advisor to **Figaro Coffee Systems, Inc.** ("FCSI") This pertains to its request for a fairness opinion report on its planned tender offer to the shareholders of **Figaro Culinary Group, Inc.** ("FCG" or the "Company") for delisting purposes.

OUR SCOPE OF ACTIVITIES

As Fairness Opinion Report Provider, we propose to perform the following activities:

1. Review the terms and documentation pertinent to the Transaction

   The take-off point of this undertaking will be our review and understanding of the terms and documentation pertinent to the Transaction. We will review the relevant documentation pertaining to the planned tender offer for delisting purposes.

2. Review the nature of operations and financial condition of the Company

   We will review the financial condition of the Company as of the relevant date, anchored on the financial statements and other relevant information and materials to be provided to us by the Company.

3. Determine the appropriate methods to value the Company's share of stock

   We will perform an independent valuation of the shares of stock of the Company. We will identify the valuation tools applicable to the nature of the business and the financial condition of the Company, as well as the peculiarity of our engagement.

4. Establish the value of the Company's shares of stock and render a fairness opinion report

   We will come up with a range of fair market values for the Company's shares based on the valuation tools applied. Based on our findings, we will render the requisite fairness opinion report on the Transaction.

OUR COMMITMENT

In performing our role as Fairness Opinion Report Provider, we commit to do the following:

1. Deliver a high standard of valuation service developed from our fifty-four (54) years of experience in finance.

2. Handle matters involving our engagement with utmost objectivity, professionalism and confidentiality.

CONDITIONS OF OUR ENGAGEMENT

Our proposal shall be subject to the following conditions:

1. Availability of information and materials

   The success of our engagement will depend on our access to information and materials necessary for the effective performance of our functions.

2. Expiration of proposal

   Our offer shall expire thirty (30) days from the date of this proposal.

3. Indemnification

   Neither we nor any of our officers, employees or agents shall be held liable for any loss or damage sustained by you arising from the performance of our proposed undertakings except if attributable to willful misconduct or gross negligence.

4. PSE confirmation of MIB Capital's independence

   Under the PSE Guidelines for Fairness Opinions and Valuation Reports, MIB Capital must, prior to the issuance of a fairness opinion or valuation report, secure confirmation from the Management of the PSE that it is independent of FCSI, FCG, their respective subsidiaries and affiliates, as well as any other entities or persons directly or indirectly involved in the Transaction.

   This will warrant MIB Capital's disclosure to the PSE of its proposed undertaking as Fairness Opinion Provider, including providing the Management of the PSE with a photocopy of this signed mandate letter.

TIMELINE AND REQUIRED DOCUMENTS:

We expect to complete the report within four (4) weeks from our receipt of the complete and accurate set of information materials to be required as listed in Annex 1. The expected timeline would only commence once MIB Capital determines that all requested initial documents are in order. Depending on the course of our evaluation, MIB Capital may request additional documents or clarification. Moreover, our timeline is highly dependent on the timely receipt of the PSE's confirmation of independence.

We will request prompt and easy access to resource people within the Company for any pertinent consultations or any information we will need.

OUR FEE

In consideration of the scope of our proposed engagement, we propose to be compensated with a fee of Philippine Pesos: [redacted] ("MIB Fee"). This amount is exclusive of 12% VAT, and the actual amount to be paid shall follow the formula: MIB Fee x 1.12.

The MIB Fee shall be paid as follows:

- Fifty percent (50%) of said fee shall be payable upon signing of this mandate letter
- Twenty-Five percent (25%) upon submission of our draft report
- Twenty-Five percent (25%) upon our submission of the final report

Our fee includes presenting our findings to the management of the Philippine Stock Exchange (PSE) within three (3) months from the submission of the final report. We will charge a fee for a presentation beyond the three-month period.

In the event of delays in the submission of the report through no fault of MIB Capital or due to additional requirements or changes imposed by FCSI, whether said requirements/changes were unforeseeable or not by FCSI, we shall be entitled to additional fees which amount shall be mutually agreed upon. Should the parties fail to agree on said additional fees, MIB Capital shall have the option to terminate this agreement and consider whatever work done by MIB Capital as of that time and submitted to FCSI as complete with respect to this engagement. Any fees already paid to MIB Capital shall be considered as payment in full for the said work already done.

Out-of-pocket expenses incurred in the performance of our tasks will be for your account. This includes the confirmation fee that will be paid to the PSE. Before any valuation work is conducted, MIB Capital is required to secure the PSE's confirmation of our independence from the parties involved in the transaction. To obtain this, MIB Capital needs to submit the required documents listed in Annex 1 and pay a non-refundable processing fee of [redacted], inclusive of VAT, for each request. This fee is payable upon our submission of the required documents to the PSE.

We trust that this proposal meets your requirements. If so, please indicate your conformity by signing on the space provided below. This will then serve as: a) our mandate to act as an independent Fairness Opinion Report Provider, and b) confirmation of your acceptance of

the terms of our proposed engagement, and c) confirmation of your acceptance of PSE's guidelines for fairness opinions and valuation reports including MIB Capital's disclosure to the PSE of its proposed undertaking as independent Fairness Opinion Provider, and submission to the Management of the PSE of a photocopy of this signed mandate letter.

We assure you of our desire to be of service.

Very truly yours,

MIB CAPITAL CORPORATION

Dindo Antonio T. Caguiat
President

Evan James T. Valera
Vice President

CONFORME:
By:

Figaro Coffee Systems, Inc.

DIVINA GRACIA G. CABULOY
Date: 04 SEP 2020